BILL NO. 94-02-13 (AS AMENDED)

SPECIAL ORDINANCE NO. S-08-94

AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne, Indiana (the "City") has established, constructed and financed sewage works, and now owns and operates said sewage works pursuant to I.C. 36-9-23 (the "Sewer Act"), and other applicable laws; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 ("the 1970 Bonds"), maturing on August 1 in the years 1994 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), maturing on August 1 in the years 1994 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") maturing on August 1 in the years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") maturing on August 1 in the years 1994 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, with the 1982B Bonds, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), authorized by Ordinance No. D-218-85 (the "1985 Ordinance") maturing on February 1 and August 1 of each year from 1994 through 2000, inclusive, and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds") in the amount of Six Million One Hundred Eighty-Five Thousand Dollars ($6,185,000) maturing on

August 1 of each year from 1994 through 2008, inclusive, and on August 1, 2010, and also subject to mandatory sinking fund redemption on August 1, 2009, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the 1985 Refunding Bonds; and

WHEREAS, the Common Council of the City of Fort Wayne deems it advisable to issue the revenue bonds authorized by this Ordinance as "City of Fort Wayne, Indiana, Sewage Works Junior Revenue Bonds of 1994" in original principal amount not to exceed Seven Million Dollars ($7,000,000) (the "1994 Bonds") for the purpose of providing funds for the payment of costs of improvements to the sewage works as described more fully herein (the "Project"), and related and incidental expenses in connection therewith and on account of the issuance of the bonds; and

WHEREAS, the Board of Public Works has employed Howard Needles Tammen & Bergendoff as consulting engineers for the Project (the "Engineer"), and the Engineer has prepared plans and specifications (which, as the same may be amended, supplemented or modified, are herein referred to as the "Plans"); and

WHEREAS, there is no encumbrance or lien of any kind whatsoever upon the revenues hereby pledged to the payment of the 1994 Bonds, other than the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, and such revenues are not pledged or assigned for any other purpose whatsoever; and

WHEREAS, the 1985 Ordinance allows for the issuance of bonds payable from revenues of the City's sewage works which are junior and subordinate to the 1985 Refunding Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 1994 Bonds have been complied with in accordance with the provisions of the Sewer Act and other applicable laws, as amended (collectively, the "Act").

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. Authorization for Bonds. In order to finance the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds, the City shall issue the 1994 Bonds as herein authorized. The actions of the Board of Public Works taken in connection with the Project are hereby approved, ratified and confirmed. The Project, as set forth in the Plans, is generally described on Exhibit A. The cost of the Project, as estimated by the Engineer in accord with bids for the work, is $6,053,230, plus costs incidental thereto and on account of the issuance of the 1994 Bonds. The Project is hereby authorized, directed and ordered to proceed substantially in accordance with the Plans. The terms "sewage works," "works," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the City's sewage utility.

SECTION 2. General Terms of Bonds. The City shall issue its sewage works junior revenue bonds in an amount not to exceed Seven Million Dollars ($7,000,000), to be designated "Sewage Works Junior Revenue Bonds of

1994," for the purpose of procuring funds to apply to the costs of the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Such 1994 Bonds shall be signed in the name of the City by the manual or facsimile signatures of the Mayor of the City (the "Mayor") and Controller of the City (the "Controller") and attested by the manual or facsimile signature of the Clerk of the City (the "Clerk"), who shall affix the seal of the City to each of the 1994 Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature appears on the 1994 Bonds shall cease to be such officer before the delivery of such 1994 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The 1994 Bonds shall also be authenticated by the manual signature of the Registrar (as defined below).

The 1994 Bonds shall be sold at a price not less than 99% of the par value thereof, shall be issued in fully registered form in denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof, shall be numbered consecutively from 1 up, shall be originally dated as of the first day of the month in which the 1994 Bonds are sold or as otherwise determined by the Controller, and shall bear interest at a rate or rates not exceeding seven percent (7%) per annum (the exact rate or rates to be determined by bidding) payable on the first (1st) day of February and August in each year, beginning on August 1, 1994. The 1994 Bonds shall mature serially on August 1 in the years and substantially in accord with the schedule set forth on Exhibit B, with such changes thereto as are approved by the Controller.

All payments of interest on the 1994 Bonds shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owners thereof as of the fifteenth day of the month preceding the interest payment date at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent (as defined below) in writing by such registered owner. All principal payments and premium, if any, on the 1994 Bonds shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the date of such payment shall be legal tender for the payment of public and private debts.

Interest on the 1994 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 1994 Bonds are authenticated after the fifteenth (15th) day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the fifteenth (15th) day of the month immediately preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

The 1994 Bonds and any bonds ranking on a parity therewith, as to principal, premium and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues, herein defined as the gross

revenues of the sewage works after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "net revenues"), of the sewage works of the City, which bonds constitute a third charge on said net revenues on a parity with the 1993 Bonds, and which are junior and subordinate to the Refunded Bonds and the 1985 Refunding Bonds. The City shall not be obligated to pay said bonds or the interest or premium, if any, thereon except from the net revenues of the works, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, and said bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Any 1994 Bonds issued under this Ordinance may be initially issued in temporary form exchangeable for definitive bonds. The temporary bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Controller, shall be in fully registered form and may contain such reference to any of the provisions of this Ordinance as may be appropriate. If temporary bonds are issued, definitive bonds will be executed and furnished without delay and thereupon the temporary bonds shall be surrendered for cancellation at the principal corporate trust office of the Registrar and the Registrar shall deliver in exchange for such temporary bonds an equal aggregate principal amount of definitive bonds of the same interest rates and maturities. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Ordinance as definitive bonds issued hereunder.

Each 1994 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose by the Registrar, by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such 1994 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent may treat and consider the persons in whose name such 1994 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest and premium, if any, due thereon.

In the event any 1994 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving

indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1994 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1994 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1994 Bonds issued hereunder.

SECTION 3. Terms of Redemption. The 1994 Bonds maturing on or after August 1, 2004 are redeemable prior to maturity at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by the owners of 1994 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1994 Bond shall not affect the validity of any proceedings for the redemption of any other 1994 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1994 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1994 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1994 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1994 Bonds which have been redeemed shall be cancelled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1994 Bond without charge to the holder thereof.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of, the 1994 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made by the Paying Agent upon any 1994 Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

SECTION 4. Appointment of Registrar and Paying Agent. Fort Wayne National Bank, in Fort Wayne, Indiana is hereby appointed to serve as registrar and paying agent for the 1994 Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 1994 Bonds, and shall keep and maintain at its principal corporate trust office books

for the registration and transfer of the 1994 Bonds. The Mayor is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and Paying Agent. The Controller is authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid as fiscal agency charges from the Sewage Works Sinking Fund described herein to pay the principal of and interest on the 1994 Bonds.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent by giving thirty (30) days written notice to the City and by first-class mail to each registered owner of the 1994 Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Such notice to the City may be served personally or be sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the 1994 Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the 1994 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 1994 Bonds and cash in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

SECTION 5. Form of Bonds; Book-Entry Bonds. The form and tenor of the 1994 Bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF ALLEN

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE BOND OF 1994

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

Registered Owner:

Principal Sum:

The City of Fort Wayne, in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond is subject to and is called for redemption prior to maturity as

hereinafter provided), and to pay interest thereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case interest shall be paid from such interest payment date, or unless this bond is authenticated on or before July 15, 1994 in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of February and August of each year, beginning on August 1, 1994.

The principal of this bond is payable at the principal corporate trust office of Fort Wayne National Bank, (the "Registrar" or "Paying Agent"), in Fort Wayne, Indiana. All payments of interest on this bond shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owner hereof as of the fifteenth day of the month preceding the interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments of principal of this bond shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the dates of such payment shall be legal tender for the payment of public and private debts.

This bond shall not constitute an indebtedness of the City of Fort Wayne within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this bond or the interest thereon except from the special fund provided from the net revenues of the City's sewage works utility.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused this bond to be executed in its corporate name

by the manual or facsimile signatures of the Mayor and Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its City Clerk.

CITY OF FORT WAYNE, INDIANA

(SEAL OF CITY) By _____
Mayor

By _____
Controller

ATTEST:

_____
City Clerk

(Form of Registrar's Certificate of Authentication)

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

_____,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, of like original date, tenor and effect, except as to denomination, numbering, interest rates, redemption terms and dates of maturity, in the total amount of _____ Dollars ($_____), numbered from 1 up, issued for the purpose of providing funds to be applied to the costs of improvements to the City's sewage works and to pay related and incidental expenses, as authorized by Ordinance No. _____ adopted by the Common Council of the City of Fort Wayne on the _____ day of _____, 1994, entitled "AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and in strict compliance with the provisions of I.C. 36-9-23 and other applicable laws, as amended (collectively, the "Act").

Pursuant to the provisions of the Act and said Ordinance, the principal of and interest on this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund to be provided from the net revenues (defined as the gross revenues of the sewage works of the City after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes). This bond and the issue of which it is a part, together with any parity bonds hereafter issued, constitute a third charge against said net revenues on a parity with the City's Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds") junior and subordinate to the City's 1985 Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), which 1985 Refunding Bonds are junior to prior bonds which were refunded with proceeds of the 1985 Refunding Bonds (the "Refunded Bonds"), which Refunded Bonds constitute a first charge against said net revenues, all as more fully described in the Ordinance.

The City of Fort Wayne irrevocably pledges the entire net revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the 1993 Bonds, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works and for the payment of the sums required to be paid into said Sewage Works Sinking Fund under the provisions of the Ordinance. In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for under Indiana law, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

The City of Fort Wayne further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the net revenues of said works to (a) pay the principal and interest payments on all bonds payable from the net revenues of the sewage works, as such principal and interest shall fall due, and (b) pay the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance.

The bonds of this issue maturing on or after August 1, 2004 are redeemable at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of

maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption to the address of the Registered Owner as shown on the registration record of the City except to the extent such redemption notice is waived by the owners of the bond or bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any bond shall not affect the validity of any proceedings for the redemption of any other bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another financial institution approved by the City, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust with said financial institution for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for

all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ _____ (Please Print or Typewrite Name and Address) $_____ principal amount (must be a multiple of $5,000) of the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

(End of Bond Form)

The 1994 Bonds shall initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the public. One definitive 1994 Bond of each maturity shall be delivered to the Clearing Agency and held in its custody. The City and the Registrar and Paying Agent may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1994 Bonds as are necessary or appropriate to accomplish or recognize such book-entry form 1994 Bonds.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, then (1) any such 1994 Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing

Agency in whose name such 1994 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1994 Bond for all purposes of this Ordinance, including, without limitation, receiving payment of the principal of, premium, if any, and interest on such 1994 Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1994 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1994 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of, premium, if any, or interest on any 1994 Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1994 Bond called for partial redemption prior to receiving payment so long as the Registrar and the Clearing Agency have agreed to the method for noting such partial redemption.

If the City receives notice from the Clearing Agency which is currently the registered owner of the 1994 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1994 Bonds or the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1994 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1994 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1994 Bonds and to transfer the ownership of each of the 1994 Bonds to such person or persons, including any other Clearing Agency, as the holders of the 1994 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1994 Bonds, shall be paid by the City.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of 1994 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a 1994 Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1994 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

So long as the 1994 Bonds remain and are held in book-entry form on the books of The Depository Trust Company, the provisions of its standard form of Letter of Representations, if executed in connection with the issuance of the 1994 Bonds, as amended and supplemented, or any successor agreement shall control on the matters set forth herein. The Registrar, by accepting the duties of Registrar under this Ordinance, agrees that it will undertake the duties of "Agent" set forth therein and

that those duties to be undertaken by either the "Agent" or the "Issuer" in paragraphs 2, 3, 4 and 12 thereof shall be the responsibility of the Registrar. Further, so long as the 1994 Bonds remain and are held in book-entry form, the provisions of Section 5 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

SECTION 6. Sale of Bonds. The Controller shall cause to be published a notice of sale once each week for two consecutive weeks per I.C. § 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 1994 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary.

All bids for the 1994 Bonds shall be sealed and shall be presented to the Controller in accord with the terms set forth in the bond sale notice. Bidders for the 1994 Bonds shall be required to name the rate or rates of interest which the 1994 Bonds are to bear, which shall be the same for all 1994 Bonds maturing on the same date and the interest rate bid on any maturity of 1994 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding seven percent (7%) per annum, and such interest rate or rates shall be in multiples of one-eighth or one-twentieth of one percent. The Controller shall award the 1994 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 1994 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than ninety-nine percent (99%) of the par value of the 1994 Bonds and accrued interest shall be considered. The Controller may require that all bids shall be accompanied by certified or cashier's checks payable to the order of the City of Fort Wayne, Indiana, or a surety bond, in an amount not to exceed one percent of the aggregate principal amount of the 1994 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without readvertisement; provided, however, that if said sale be continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for sale in the bond sale notice. The Controller shall have full right to reject any and all bids.

After the 1994 Bonds have been properly sold and executed, the Controller shall receive from the purchasers payment for the 1994 Bonds and shall provide for delivery of the 1994 Bonds to the purchasers.

The Controller is hereby authorized and directed to have the 1994 Bonds prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to execute the 1994 Bonds in substantially the form and the manner herein provided. The Controller is hereby authorized and directed to deliver the 1994 Bonds to the purchaser; thereupon, the Controller shall be authorized

to receive from the purchaser the purchase price and take the purchaser's receipt for the 1994 Bonds. The amount to be collected by the Controller shall be the full amount which the purchaser has agreed to pay therefor, which shall be not less than 99% of the face value of the 1994 Bonds plus accrued interest to the date of delivery.

The 1994 Bonds, when fully paid for and delivered to the purchasers, shall be the binding special revenue obligations of the City, payable out of the net revenues of the City's sewage works to be set aside into the Sinking Fund as herein provided.

The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1994 Bonds, will be furnished to the purchasers at the expense of the City.

SECTION 7. Use of Bond Proceeds. Any accrued interest and premium received at the time of delivery of the 1994 Bonds will be deposited to the Sinking Fund described below and applied to payments on the 1994 Bonds on the first interest payment date. The amount described in Section 9 below shall be deposited to the Sewage Works Reserve Account, from the proceeds received from the sale of the 1994 Bonds, to satisfy the Sewage Works Reserve Requirement. The remaining proceeds received from the sale of the 1994 Bonds shall be deposited in the "Fort Wayne Sewage Works 1994 Bond Construction Fund" (the "Construction Fund"). The proceeds deposited in the Construction Fund shall be expended only for the purpose of paying expenses incurred in connection with the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Any balance remaining in the Construction Fund after completion of the Project which is not required to meet unpaid obligations incurred in connection therewith and on account of the issuance of the 1994 Bonds may be used to pay debt service on the 1994 Bonds or otherwise used as permitted by law. In the event any proceeds remain after all such payments have been made, such proceeds shall be transferred to the Sinking Fund described below.

SECTION 8. Collection of Revenues; Funding Operation, Repair and Maintenance. All revenues received on account of the sewage works shall be segregated and kept in a special fund separate and apart from all other funds of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. Payments in lieu of taxes shall be made not more frequently than semiannually on June 30 and December 31 and may be made only if the amounts required to be held as of such dates in the Sinking Fund pursuant to Section 9 are so held.

SECTION 9. Sinking Fund for Bonds. The special fund designated "Sewage Works Sinking Fund" created by Ordinance No. 1939, adopted on July 26, 1938 (the "Sinking Fund" or" Sewage Works Sinking Fund"), and continued for the payment of the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, is hereby continued and designated as the special fund for the payment of the interest on and principal of the 1994 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1994 Bonds and interest thereon. The special account within the Sinking Fund designated as the "1993 Sewage Works Reserve Account" created by Special

Ordinance No. S-42-93, adopted on May 18, 1993, is hereby redesignated as the "1993/1994 Sewage Works Reserve Account" (the "Sewage Works Reserve Account"), which Account is hereby continued as a debt service reserve for the 1993 Bonds, and is constituted as a debt service reserve for the 1994 Bonds and any bond subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "1985 Reserve"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charges for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts so required to be paid into the Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement as defined below. The term "net revenues" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sinking Fund, all of the net revenues of the sewage works not used in making said required payments shall be set aside and paid into the Sinking Fund monthly, as available, until there has been accumulated in the Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sinking Fund to the extent necessary to maintain such levels.

The Sewage Works Reserve Account will be held as a debt service reserve for the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds and credited to the City's obligation to accumulate net revenues in

the Sinking Fund in addition to the required monthly payments or as a margin of safety with respect to such bonds. There shall be held in said Sewage Works Reserve Account an amount which equals the following with respect to the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds (the "Sewage Works Reserve Requirement"): the lesser of 10% of the proceeds thereof, the maximum annual principal and interest requirements thereon, or 125% of the average annual principal and interest requirements thereon. The Sewage Works Reserve Requirement is hereby determined to be reasonable. All money in the Sewage Works Reserve Account shall be used and withdrawn by the City solely for the purpose of making payment on the 1993 Bonds and the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds to the extent that available moneys in the Sinking Fund are insufficient for such purpose, or to make the final payments on such bonds when money in the Sewage Works Reserve Account, together with other money held in the Sinking Fund, is sufficient to make all remaining payments to final maturity, provided, notwithstanding the foregoing, amounts in the Sewage Works Reserve Account in excess of the Sewage Works Reserve Requirement may be transferred from time to time to the Sewage Works Operation and Maintenance Fund or, if such fund is funded in accordance with Section 10 hereof, to the Sewage Works Replacement Fund. If amounts on deposit in the Sewage Works Reserve Account shall, at any time, be less than the Sewage Works Reserve Requirement, such deficiency shall be made up over a twelve (12) month period, after required monthly deposits to the Sinking Fund and after making any required payments under the 1985 Ordinance to make up any deficiency in the 1985 Reserve, to restore the balance of the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement.

Any excess revenues of the sewage works available after making the deposits required by Sections 8 and 9 above may be used to provide or restore any debt service reserve account established to secure junior bonds as contemplated by Section 16(d).

In no event shall any part of the Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sinking Fund (other than the Sewage Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

If the City shall, for any reason, fail to pay into the Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any, shall be placed in the Sinking Fund.

SECTION 10. Funding Improvements to the Works. In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective sums required by Section 9, and there has been accumulated an amount in a separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Replacement Fund and hereby continued (the "Sewage Works Replacement Fund"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

SECTION 11. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if

such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

SECTION 12. Books and Records. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, all disbursements made therefrom on account of the operation of the works and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works, including the amounts set aside or credited to the Sinking Fund, the Sewage Works Operation and Maintenance Fund and the Sewage Works Replacement Fund, and the cash balances in each of said funds and accounts described herein as of the close of the preceding fiscal year. Upon written request, there shall be prepared and furnished to the original purchasers of the 1994 Bonds and to any subsequent owner of the bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller, or the person charged with the duty of auditing the books and records relating to the works, or such statements may be prepared by an independent certified public accountant retained by the City for the purpose of preparing such statements. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of the 1994 Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

SECTION 13. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Sewer Act and this Ordinance; and that such rates or charges shall be sufficient in each year to produce net revenues, as defined in Section 9 of this Ordinance, equal to 1.1 times the greater of the average annual debt service on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith or the debt service payable during the next succeeding twelve calendar months on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith. For these purposes, the interest rate on variable rate debt shall be assumed to be the average interest rate thereon in the preceding calendar year. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, depreciation and the requirements of the Sewage Works Sinking Fund. The

rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid semi-annually by the City or the various departments thereof as the charges accrue.

SECTION 14. Defeasance. If, when the 1994 Bonds or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1994 Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest so due and payable upon all of such bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, and to the extent permitted by Indiana law, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service (or any combination thereof), the principal of and the interest on which when due without reinvestment will provide sufficient moneys, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1994 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the City's sewage works.

SECTION 15. Additional Bonds. The City reserves the right to authorize and issue additional bonds, payable out of the revenues of its sewage works, ranking on a parity with the 1994 Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to provide for a complete or partial refunding of bonds payable out of the revenues of the sewage works, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the parity bonds or other funds of the City.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Reserve Account shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City, and furthermore, the ordinance authorizing the proposed additional parity bonds must include a provision

requiring the City to build the balance in the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement for the proposed additional parity bonds, unless the Sewage Works Reserve Account is fully funded as of the time of issuance of the additional parity bonds, from available net revenues within twelve (12) months from substantially equal monthly deposits after required monthly deposits to the Sinking Fund.

(c) The net operating revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the 1994 Bonds shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased or the service area or customer base shall be expanded sufficiently so that said increased rates and charges and/or volume applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, annual interest and principal requirements of a series of bonds may be reduced in inverse order of maturity for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or independent financial advisor employed by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semiannually on February 1 and August 1 during the periods in which principal and interest are payable, and, if the additional parity bonds are issued as capital appreciation bonds, the amount payable at maturity thereof shall be payable on February 1 and/or August 1 during the periods in which such maturity amounts are payable.

(e) Additional parity bonds issued as variable rate debt must be assumed to bear the maximum interest rate thereon for the purpose of certifying satisfaction of the 120% condition set forth above, and a maximum rate must be set for any such variable rate additional parity bonds. Furthermore, any put feature associated with such variable rate debt must be covered by remarketing proceeds or a liquidity facility issued by a provider which is rated in one of the two highest short-term rating categories of Moody's

Investors Service or Standard & Poors Corporation.

SECTION 16. Additional Covenants of the City. For the purpose of further safeguarding the interests of the holders of the 1994 Bonds, it is specifically provided as follows:

(a) The City shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1994 Bonds are outstanding, the City shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In addition to or in lieu of the foregoing, the City may provide for coverage on all or part of the works comparable to that described above through a self-insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as net revenues of the works.

(c) So long as any of the 1994 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for proper operation and maintenance of the works.

(d) Except as provided in Section 15 hereof, so long as any of the 1994 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the 1994 Bonds, unless all of the 1994 Bonds are redeemed, retired or defeased coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with the sewage works.

(f) This Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of any 1994 Bonds, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so

long as any of said bonds or the interest thereon remain unpaid.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the 1994 Bonds for the uses and purposes herein set forth. The provisions of this Ordinance shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sinking Fund and for the uses and purposes of said Fund as set forth in this Ordinance. The owners of the 1994 Bonds shall have all of the rights, remedies and privileges set forth under the Act in the event of default in the payment of the principal of or interest on any of the 1994 Bonds or in the event of default with respect to any of the provisions of this Ordinance or the Act, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

SECTION 17. Tax Covenants. In order to preserve the exclusion of interest on the 1994 Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 1994 Bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use proceeds of the 1994 Bonds or property financed by the 1994 Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1994 Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract, or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No 1994 Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No 1994 Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a non-governmental person in any manner that would in substance constitute a loan of the 1994 Bond proceeds.

(c) The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the 1994 Bonds (the "Code"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on 1994 Bond proceeds or other monies treated as 1994 Bond proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment

income on funds and accounts, in trust for such purposes.

(d) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(e) The City will not make any investment or do any other act or thing during the period that any 1994 Bond is outstanding hereunder which would cause any 1994 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the 1994 Bonds.

The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103(a) of the Code, and the City will not act in any manner which would adversely affect such exclusion.

Notwithstanding any other provisions of this Ordinance, the foregoing covenants and authorizations (the "Tax Sections") which are designed to preserve the exclusion of interest on the 1994 Bonds from gross income under federal income tax law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 18. Amendments. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest or premium, if any, on any 1994 Bond or an advancement of the earliest redemption date on any 1994 Bond; or

(b) A reduction in the principal amount of any 1994 Bond or the redemption premium or the rate of interest thereon, or a change in the monetary medium in which such amounts are payable; or

(c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or

(d) A preference or priority of any 1994 Bond or Bonds over any other 1994 Bond or Bonds; or

(e) A reduction in the aggregate principal amount of the 1994 Bonds required for consent to such supplemental ordinance.

If the City shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the 1994 Bonds. The Registrar shall not, however, be subject to any liability to any owners of the 1994 Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the City shall receive any instrument or instruments purporting to be executed by the owners of the 1994 Bonds of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the City may adopt such supplemental ordinance in substantially such form, without liability or responsibility to any owners of the 1994 Bonds, whether or not such owners shall have consented thereto.

No owner of any 1994 Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of 1994 Bonds then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the 1994 Bonds, and the terms and provisions of the 1994 Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 1994 Bonds then outstanding.

Without notice to or consent of the owners of the 1994 Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance; or

(b) to grant to or confer upon the owners of the 1994 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1994 Bonds; or

(c) to procure a rating on the 1994 Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the 1994 Bonds; or

(d) to make any other change which is not to the prejudice of the owners of the 1994 Bonds; or

(e) to provide for the refunding or advance refunding of the 1994 Bonds.

SECTION 19. Defaults. In the event available moneys hereunder, subject to the restrictions on use of money held under this Ordinance as set forth herein, and other monies available for such purpose are insufficient to pay debt service on all bonds payable from the revenues of the sewage works when due, available moneys shall be applied, after payment of all costs and expenses associated therewith, to the 1993 Bonds, 1994 Bonds and any additional bonds issued in accord with Section 15 hereof (together, "Parity Bonds"), subject to any rights of the holders of the Refunded Bonds and the 1985 Bonds, as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any 1994 Bond or other Parity Bond, and during any time that the amount held in the Sewage Works Reserve Account is less than the Sewage Works Reserve Requirement, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 16(d) hereof

("Junior Bonds"). Moneys available for payment to holders of Junior Bonds shall, in the event of an insufficient amount being available to pay all debt service with respect to the Junior Bonds when due, be applied to the Junior Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding Parity Bonds unless otherwise provided in the ordinance authorizing the Junior Bonds.

SECTION 20. Approval of Official Statement. The distribution of the preliminary official statement with respect to the 1994 Bonds, substantially in the form presented to this meeting, with such changes and modifications as may be authorized by the Mayor, as evidenced by his signature thereon, is hereby authorized, approved and ratified, and this Council hereby deems final said official statement, as of its date, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion as permitted by said Rule, and the Common Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended in the form of a final official statement.

SECTION 21. No Conflict. All ordinances, resolutions, and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed. After the issuance of the 1994 Bonds authorized by this Ordinance and so long as any of the 1994 Bonds or interest thereon remains unpaid, except as expressly provided herein, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the holders of the 1994 Bonds, nor shall the City adopt any law, ordinance or resolution which in any way adversely affects the rights of such holders.

SECTION 22. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 23. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 24. Effectiveness. This Ordinance shall be in full force and effect from and after its passage. Upon payment in full of the principal and interest respecting the 1994 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with Section 14, all pledges, covenants and other rights granted by this Ordinance shall cease.

Clifton R Edmonds
Council Member

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay
City Attorney

EXHIBIT A

Project Description

The City of Fort Wayne operates a Sewage Works designated as the Fort Wayne Water Pollution Control Utility (WPC Utility). The WPC Utility Plant is providing for increased efficiency and use of resources through a sludge disposal project in two Divisions as explained below.

The WPC Utility Plant has been experiencing a greater rate of production of waste activated sludge since the employment of single-stage nitrification. Anaerobic digester capacity is decreasing and digestion efficiencies are deteriorating. While the City continues to meet its NPDES permit limits, the City needs to upgrade its existing facilities to meet requirements for the proper stabilization of sludge.

The proposed project is an enhancement of the treatment process and does not provide increased treatment plant capacity for new services. Division I of the project (Anaerobic Digester Improvements) provides for gas mixing of sludge to improve digestion and reduce maintenance, converts two digesters from secondary to primary units, provides for replacement and improvement to piping and pumping facilities, provides for code compliance for gas and ventilation safety and provides for compliance with code for underground storage tanks. Division II of the project (Sludge Thickening Facilities) provides for added digester capacity by reduction of the volume of wasted sludge and energy savings by removing water from unheated sludge. This will provide for reduced loading to the primary sedimentation and aeration units, provides for more accurate determination of raw sewage flows and provides for more efficient sludge stream monitoring. Because digestion will be more complete, the sludge sent to the lagoons or drying beds will dewater easier.

EXHIBIT B

Maturity Schedule

Year	Amount	Year	Amount
1994	$ 120,000	2002	$ 445,000
1995	325,000	2003	465,000
1996	340,000	2004	490,000
1997	350,000	2005	515,000
1998	365,000	2006	545,000
1999	385,000	2007	575,000
2000	400,000	2008	610,000
2001	425,000	2009	645,000

At the option of the successful bidder, all or a portion of the Bonds may be aggregated into one or more term bonds. Any term bond will be subject to mandatory sinking fund redemption, with sinking fund redemption payments corresponding to the principal amounts shown above for the relevant years. Such sinking fund redemption payments shall be made without premium or penalty, but will include accrued interest to the mandatory sinking fund redemption date.

Read the first time in full and on motion by Long, seconded by ~~_____~~, and duly adopted, read the second time by title and referred to the Committee on Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Common Council Conference Room 128, City-County Building, Fort Wayne, Indiana, on Tuesday, the 22nd, day of February, 19 94, at 5:30 o'clock P. M., E.S.T.

DATED: 2-8-94

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by Edmonds, seconded by _____, and duly adopted, placed on its passage. PASSED LOST ~~by~~ the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	5		2	2
BRADBURY	✓			
EDMONDS	✓			
GiaQUINTA			✓	
HENRY	✓			
LONG			✓	
LUNSEY	✓			
RAVINE				✓
SCHMIDT				✓
TALARICO	✓			

DATED: 2-22-94

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ANNEXATION) ~~(APPROPRIATION)~~ ~~(GENERAL)~~ (SPECIAL) (ZONING) ORDINANCE ~~RESOLUTION~~ NO. S-08-94 on the 22nd day of February, 19 94

ATTEST: (SEAL)

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Thomas C. Henry
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 23rd day of February, 1994, at the hour of 2:00 o'clock P.M., E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 25th day of February, 19 94, at the hour of 4:00 o'clock P.M., E.S.T.

PAUL HELMKE, MAYOR

BILL NO. S-94-02-13

SPECIAL ORDINANCE NO. _____

AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne, Indiana (the "City") has established, constructed and financed sewage works, and now owns and operates said sewage works pursuant to I.C. 36-9-23 (the "Sewer Act"), and other applicable laws; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 ("the 1970 Bonds"), maturing on August 1 in the years 1994 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), maturing on August 1 in the years 1994 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") maturing on August 1 in the years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") maturing on August 1 in the years 1994 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, with the 1982B Bonds, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), authorized by Ordinance No. D-218-85 (the "1985 Ordinance") maturing on February 1 and August 1 of each year from 1994 through 2000, inclusive, and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds") in the amount of Six Million One Hundred Eighty-Five Thousand Dollars ($6,185,000) maturing on

August 1 of each year from 1994 through 2008, inclusive, and on August 1, 2010, and also subject to mandatory sinking fund redemption on August 1, 2009, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the 1985 Refunding Bonds; and

WHEREAS, the Common Council of the City of Fort Wayne deems it advisable to issue the revenue bonds authorized by this Ordinance as "City of Fort Wayne, Indiana, Sewage Works Junior Revenue Bonds of 1994" in original principal amount not to exceed Seven Million Five Hundred Thousand Dollars ($7,500,000) (the "1994 Bonds") for the purpose of providing funds for the payment of costs of improvements to the sewage works as described more fully herein (the "Project"), and related and incidental expenses in connection therewith and on account of the issuance of the bonds; and

WHEREAS, the Board of Public Works has employed Howard, Needles, Tammen & Bergendoff ("HNTB") as consulting engineers for the Project (the "Engineer"), and the Engineer has prepared plans and specifications (which, as the same may be amended, supplemented or modified, are herein referred to as the "Plans"); and

WHEREAS, there is no encumbrance or lien of any kind whatsoever upon the revenues hereby pledged to the payment of the 1994 Bonds, other than the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, and such revenues are not pledged or assigned for any other purpose whatsoever; and

WHEREAS, the 1985 Ordinance allows for the issuance of bonds payable from revenues of the City's sewage works which are junior and subordinate to the 1985 Refunding Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 1994 Bonds have been complied with in accordance with the provisions of the Sewer Act and other applicable laws, as amended (collectively, the "Act").

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. Authorization for Bonds. In order to finance the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds, the City shall issue the 1994 Bonds as herein authorized. The actions of the Board of Public Works taken in connection with the Project are hereby approved, ratified and confirmed. The Project, as set forth in the Plans, is generally described on Exhibit A. The cost of the Project, as estimated by the Engineer in accord with bids for the work, is $6,053,230, plus costs incidental thereto and on account of the issuance of the 1994 Bonds. The Project is hereby authorized, directed and ordered to proceed substantially in accordance with the Plans. The terms "sewage works," "works," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the City's sewage utility.

SECTION 2. General Terms of Bonds. The City shall issue its sewage works junior revenue bonds in an amount not to exceed Seven Million Five Hundred Thousand Dollars ($7,500,000), to be designated "Sewage Works

Junior Revenue Bonds of 1994," for the purpose of procuring funds to apply to the costs of the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Such 1994 Bonds shall be signed in the name of the City by the manual or facsimile signatures of the Mayor of the City (the "Mayor") and Controller of the City (the "Controller") and attested by the manual or facsimile signature of the Clerk of the City (the "Clerk"), who shall affix the seal of the City to each of the 1994 Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature appears on the 1994 Bonds shall cease to be such officer before the delivery of such 1994 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The 1994 Bonds shall also be authenticated by the manual signature of the Registrar (as defined below).

The 1994 Bonds shall be sold at a price not less than 99% of the par value thereof, shall be issued in fully registered form in denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof, shall be numbered consecutively from 1 up, shall be originally dated as of the first day of the month in which the 1994 Bonds are sold or as otherwise determined by the Controller, and shall bear interest at a rate or rates not exceeding seven percent (7%) per annum (the exact rate or rates to be determined by bidding) payable on the first (1st) day of February and August in each year, beginning on August 1, 1994. The 1994 Bonds shall mature serially on August 1 in the years and substantially in accord with the schedule set forth on Exhibit B, with such changes thereto as are approved by the Controller.

All payments of interest on the 1994 Bonds shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owners thereof as of the fifteenth day of the month preceding the interest payment date at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent (as defined below) in writing by such registered owner. All principal payments and premium, if any, on the 1994 Bonds shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the date of such payment shall be legal tender for the payment of public and private debts.

Interest on the 1994 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 1994 Bonds are authenticated after the fifteenth (15th) day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the fifteenth (15th) day of the month immediately preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

The 1994 Bonds and any bonds ranking on a parity therewith, as to principal, premium and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon

all the net revenues, herein defined as the gross revenues of the sewage works after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "net revenues"), of the sewage works of the City, which bonds constitute a third charge on said net revenues on a parity with the 1993 Bonds, and which are junior and subordinate to the Refunded Bonds and the 1985 Refunding Bonds. The City shall not be obligated to pay said bonds or the interest or premium, if any, thereon except from the net revenues of the works, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, and said bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Any 1994 Bonds issued under this Ordinance may be initially issued in temporary form exchangeable for definitive bonds. The temporary bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Controller, shall be in fully registered form and may contain such reference to any of the provisions of this Ordinance as may be appropriate. If temporary bonds are issued, definitive bonds will be executed and furnished without delay and thereupon the temporary bonds shall be surrendered for cancellation at the principal corporate trust office of the Registrar and the Registrar shall deliver in exchange for such temporary bonds an equal aggregate principal amount of definitive bonds of the same interest rates and maturities. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Ordinance as definitive bonds issued hereunder.

Each 1994 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose by the Registrar, by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such 1994 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent may treat and consider the persons in whose name such 1994 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest and premium, if any, due thereon.

In the event any 1994 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate

bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1994 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1994 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1994 Bonds issued hereunder.

SECTION 3. Terms of Redemption. The 1994 Bonds maturing on or after August 1, 2004 are redeemable prior to maturity at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by the owners of 1994 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1994 Bond shall not affect the validity of any proceedings for the redemption of any other 1994 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1994 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1994 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1994 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1994 Bonds which have been redeemed shall be cancelled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1994 Bond without charge to the holder thereof.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of, the 1994 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made by the Paying Agent upon any 1994 Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

SECTION 4. Appointment of Registrar and Paying Agent. Fort Wayne National Bank, in Fort Wayne, Indiana is hereby appointed to serve as registrar and paying agent for the 1994 Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 1994 Bonds, and shall keep and

maintain at its principal corporate trust office books for the registration and transfer of the 1994 Bonds. The Mayor is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and Paying Agent. The Controller is authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid as fiscal agency charges from the Sewage Works Sinking Fund described herein to pay the principal of and interest on the 1994 Bonds.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent by giving thirty (30) days written notice to the City and by first-class mail to each registered owner of the 1994 Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Such notice to the City may be served personally or be sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the 1994 Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the 1994 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 1994 Bonds and cash in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

SECTION 5. Form of Bonds; Book-Entry Bonds. The form and tenor of the 1994 Bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF ALLEN

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE BOND OF 1994

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

Registered Owner:

Principal Sum:

The City of Fort Wayne, in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond is subject to and is

called for redemption prior to maturity as hereinafter provided), and to pay interest thereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case interest shall be paid from such interest payment date, or unless this bond is authenticated on or before July 15, 1994 in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of February and August of each year, beginning on August 1, 1994.

The principal of this bond is payable at the principal corporate trust office of Fort Wayne National Bank, (the "Registrar" or "Paying Agent"), in Fort Wayne, Indiana. All payments of interest on this bond shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owner hereof as of the fifteenth day of the month preceding the interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments of principal of this bond shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the dates of such payment shall be legal tender for the payment of public and private debts.

This bond shall not constitute an indebtedness of the City of Fort Wayne within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this bond or the interest thereon except from the special fund provided from the net revenues of the City's sewage works utility.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused

this bond to be executed in its corporate name by the manual or facsimile signatures of the Mayor and Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its City Clerk.

CITY OF FORT WAYNE, INDIANA

(SEAL OF CITY) By _____
Mayor

By _____
Controller

ATTEST:

_____
City Clerk

(Form of Registrar's Certificate of Authentication)

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

_____,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, of like original date, tenor and effect, except as to denomination, numbering, interest rates, redemption terms and dates of maturity, in the total amount of _____ Dollars ($_____), numbered from 1 up, issued for the purpose of providing funds to be applied to the costs of improvements to the City's sewage works and to pay related and incidental expenses, as authorized by Ordinance No. _____ adopted by the Common Council of the City of Fort Wayne on the _____ day of _____, 1994, entitled "AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and in strict compliance with the provisions of I.C. 36-9-23 and other applicable laws, as amended (collectively, the "Act").

Pursuant to the provisions of the Act and said Ordinance, the principal of and interest on this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund to be provided from the net revenues (defined as the gross revenues of the sewage works of the City after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes). This bond and the issue of which it is a part, together with any parity bonds hereafter issued, constitute a third charge against said net revenues on a parity with the City's Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds") junior and subordinate to the City's 1985 Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), which 1985 Refunding Bonds are junior to prior bonds which were refunded with proceeds of the 1985 Refunding Bonds (the "Refunded Bonds"), which Refunded Bonds constitute a first charge against said net revenues, all as more fully described in the Ordinance.

The City of Fort Wayne irrevocably pledges the entire net revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the 1993 Bonds, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works and for the payment of the sums required to be paid into said Sewage Works Sinking Fund under the provisions of the Ordinance. In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for under Indiana law, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

The City of Fort Wayne further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the net revenues of said works to (a) pay the principal and interest payments on all bonds payable from the net revenues of the sewage works, as such principal and interest shall fall due, and (b) pay the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance.

The bonds of this issue maturing on or after August 1, 2004 are redeemable at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of

maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption to the address of the Registered Owner as shown on the registration record of the City except to the extent such redemption notice is waived by the owners of the bond or bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any bond shall not affect the validity of any proceedings for the redemption of any other bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another financial institution approved by the City, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust with said financial institution for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for

all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ _____ (Please Print or Typewrite Name and Address) $_____ principal amount (must be a multiple of $5,000) of the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

(End of Bond Form)

The 1994 Bonds shall initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the public. One definitive 1994 Bond of each maturity shall be delivered to the Clearing Agency and held in its custody. The City and the Registrar and Paying Agent may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1994 Bonds as are necessary or appropriate to accomplish or recognize such book-entry form 1994 Bonds.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, then (1) any such 1994 Bond may be registered upon the books kept by the Registrar in the name of such Clearing

Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such 1994 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1994 Bond for all purposes of this Ordinance, including, without limitation, receiving payment of the principal of, premium, if any, and interest on such 1994 Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1994 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1994 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of, premium, if any, or interest on any 1994 Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1994 Bond called for partial redemption prior to receiving payment so long as the Registrar and the Clearing Agency have agreed to the method for noting such partial redemption.

If the City receives notice from the Clearing Agency which is currently the registered owner of the 1994 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1994 Bonds or the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1994 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1994 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1994 Bonds and to transfer the ownership of each of the 1994 Bonds to such person or persons, including any other Clearing Agency, as the holders of the 1994 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1994 Bonds, shall be paid by the City.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of 1994 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a 1994 Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1994 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

So long as the 1994 Bonds remain and are held in book-entry form on the books of The Depository Trust Company, the provisions of its standard form of Letter of Representations, if executed in connection with the issuance of the 1994 Bonds, as amended and supplemented, or any successor agreement shall control on the matters set forth herein. The Registrar, by accepting the duties

of Registrar under this Ordinance, agrees that it will undertake the duties of "Agent" set forth therein and that those duties to be undertaken by either the "Agent" or the "Issuer" in paragraphs 2, 3, 4 and 12 thereof shall be the responsibility of the Registrar. Further, so long as the 1994 Bonds remain and are held in book-entry form, the provisions of Section 5 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

SECTION 6. Sale of Bonds. The Controller shall cause to be published a notice of sale once each week for two consecutive weeks per I.C. § 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 1994 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary.

All bids for the 1994 Bonds shall be sealed and shall be presented to the Controller in accord with the terms set forth in the bond sale notice. Bidders for the 1994 Bonds shall be required to name the rate or rates of interest which the 1994 Bonds are to bear, which shall be the same for all 1994 Bonds maturing on the same date and the interest rate bid on any maturity of 1994 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding seven percent (7%) per annum, and such interest rate or rates shall be in multiples of one-eighth or one-twentieth of one percent. The Controller shall award the 1994 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 1994 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than ninety-nine percent (99%) of the par value of the 1994 Bonds and accrued interest shall be considered. The Controller may require that all bids shall be accompanied by certified or cashier's checks payable to the order of the City of Fort Wayne, Indiana, in an amount not to exceed one percent of the aggregate principal amount of the 1994 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without readvertisement; provided, however, that if said sale be continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for sale in the bond sale notice. The Controller shall have full right to reject any and all bids.

After the 1994 Bonds have been properly sold and executed, the Controller shall receive from the purchasers payment for the 1994 Bonds and shall provide for delivery of the 1994 Bonds to the purchasers.

The Controller is hereby authorized and directed to have the 1994 Bonds prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to execute the 1994 Bonds in substantially the form and the manner herein provided. The Controller is hereby

authorized and directed to deliver the 1994 Bonds to the purchaser; thereupon, the Controller shall be authorized to receive from the purchaser the purchase price and take the purchaser's receipt for the 1994 Bonds. The amount to be collected by the Controller shall be the full amount which the purchaser has agreed to pay therefor, which shall be not less than 99% of the face value of the 1994 Bonds plus accrued interest to the date of delivery.

The 1994 Bonds, when fully paid for and delivered to the purchasers, shall be the binding special revenue obligations of the City, payable out of the net revenues of the City's sewage works to be set aside into the Sinking Fund as herein provided.

The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1994 Bonds, will be furnished to the purchasers at the expense of the City.

SECTION 7. Use of Bond Proceeds. Any accrued interest and premium received at the time of delivery of the 1994 Bonds will be deposited to the Sinking Fund described below and applied to payments on the 1994 Bonds on the first interest payment date. The remaining proceeds received from the sale of the 1994 Bonds shall be deposited in the "Fort Wayne Sewage Works 1994 Bond Construction Fund" (the "Construction Fund"). The proceeds deposited in the Construction Fund shall be expended only for the purpose of paying expenses incurred in connection with the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Any balance remaining in the Construction Fund after completion of the Project which is not required to meet unpaid obligations incurred in connection therewith and on account of the issuance of the 1994 Bonds may be used to pay debt service on the 1994 Bonds or otherwise used as permitted by law. In the event any proceeds remain after all such payments have been made, such proceeds shall be transferred to the Sinking Fund described below.

SECTION 8. Collection of Revenues; Funding Operation, Repair and Maintenance. All revenues received on account of the sewage works shall be segregated and kept in a special fund separate and apart from all other funds of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. Payments in lieu of taxes shall be made not more frequently than semiannually on June 30 and December 31 and may be made only if the amounts required to be held as of such dates in the Sinking Fund pursuant to Section 9 are so held.

SECTION 9. Sinking Fund for Bonds. The special fund designated "Sewage Works Sinking Fund" created by Ordinance No. 1939, adopted on July 26, 1938 (the "Sinking Fund" or" Sewage Works Sinking Fund"), and continued for the payment of the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, is hereby continued and designated as the special fund for the payment of the interest on and principal of the 1994 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1994 Bonds and interest thereon. The special account within the Sinking Fund designated as the "1993 Sewage Works Reserve Account" created by Special Ordinance No. S-42-93, adopted on May 18, 1993, is hereby redesignated as the "1993/1994 Sewage Works Reserve

Account" (the "Sewage Works Reserve Account"), which Account is hereby continued as a debt service reserve for the 1993 Bonds, and is constituted as a debt service reserve for the 1994 Bonds and any bond subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "1985 Reserve"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charges for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts so required to be paid into the Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement as defined below. The term "net revenues" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sinking Fund, all of the net revenues of the sewage works not used in making said required payments shall be set aside and paid into the Sinking Fund monthly, as available, until there has been accumulated in the Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sinking Fund to the extent necessary to maintain such levels.

The Sewage Works Reserve Account will be held as a debt service reserve for the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds and credited to the City's obligation to accumulate net revenues in the Sinking Fund in addition to the required monthly payments or as a margin of safety with respect to such

bonds. There shall be held in said Sewage Works Reserve Account an amount which equals the following with respect to the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds (the "Sewage Works Reserve Requirement"): the lesser of 10% of the proceeds thereof, the maximum annual principal and interest requirements thereon, or 125% of the average annual principal and interest requirements thereon. The Sewage Works Reserve Requirement is hereby determined to be reasonable. All money in the Sewage Works Reserve Account shall be used and withdrawn by the City solely for the purpose of making payment on the 1993 Bonds and the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds to the extent that available moneys in the Sinking Fund are insufficient for such purpose, or to make the final payments on such bonds when money in the Sewage Works Reserve Account, together with other money held in the Sinking Fund, is sufficient to make all remaining payments to final maturity, provided, notwithstanding the foregoing, amounts in the Sewage Works Reserve Account in excess of the Sewage Works Reserve Requirement may be transferred from time to time to the Sewage Works Operation and Maintenance Fund or, if such fund is funded in accordance with Section 10 hereof, to the Sewage Works Replacement Fund. If amounts on deposit in the Sewage Works Reserve Account shall, at any time, be less than the Sewage Works Reserve Requirement, such deficiency shall be made up over a twelve (12) month period, after required monthly deposits to the Sinking Fund and after making any required payments under the 1985 Ordinance to make up any deficiency in the 1985 Reserve, to restore the balance of the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement.

Any excess revenues of the sewage works available after making the deposits required by Sections 8 and 9 above may be used to provide or restore any debt service reserve account established to secure junior bonds as contemplated by Section 16(d).

In no event shall any part of the Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sinking Fund (other than the Sewage Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

If the City shall, for any reason, fail to pay into the Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any, shall be placed in the Sinking Fund.

SECTION 10. Funding Improvements to the Works. In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective sums required by Section 9, and there has been accumulated an amount in a separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Replacement Fund and hereby continued (the "Sewage Works Replacement Fund"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

SECTION 11. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if

such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

SECTION 12. Books and Records. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, all disbursements made therefrom on account of the operation of the works and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works, including the amounts set aside or credited to the Sinking Fund, the Sewage Works Operation and Maintenance Fund and the Sewage Works Replacement Fund, and the cash balances in each of said funds and accounts described herein as of the close of the preceding fiscal year. Upon written request, there shall be prepared and furnished to the original purchasers of the 1994 Bonds and to any subsequent owner of the bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller, or the person charged with the duty of auditing the books and records relating to the works, or such statements may be prepared by an independent certified public accountant retained by the City for the purpose of preparing such statements. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of the 1994 Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

SECTION 13. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Sewer Act and this Ordinance; and that such rates or charges shall be sufficient in each year to produce net revenues, as defined in Section 9 of this Ordinance, equal to 1.1 times the greater of the average annual debt service on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith or the debt service payable during the next succeeding twelve calendar months on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith. For these purposes, the interest rate on variable rate debt shall be assumed to be the average interest rate thereon in the preceding calendar year. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, depreciation and the requirements of the Sewage Works Sinking Fund. The

rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid semi-annually by the City or the various departments thereof as the charges accrue.

SECTION 14. Defeasance. If, when the 1994 Bonds or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1994 Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest so due and payable upon all of such bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, and to the extent permitted by Indiana law, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service (or any combination thereof), the principal of and the interest on which when due without reinvestment will provide sufficient moneys, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1994 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the City's sewage works.

SECTION 15. Additional Bonds. The City reserves the right to authorize and issue additional bonds, payable out of the revenues of its sewage works, ranking on a parity with the 1994 Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to provide for a complete or partial refunding of bonds payable out of the revenues of the sewage works, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the parity bonds or other funds of the City.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Reserve Account shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City, and furthermore, the ordinance authorizing the proposed additional parity bonds must include a provision

requiring the City to build the balance in the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement for the proposed additional parity bonds, unless the Sewage Works Reserve Account is fully funded as of the time of issuance of the additional parity bonds, from available net revenues within twelve (12) months from substantially equal monthly deposits after required monthly deposits to the Sinking Fund.

(c) The net operating revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the 1994 Bonds shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased or the service area or customer base shall be expanded sufficiently so that said increased rates and charges and/or volume applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, annual interest and principal requirements of a series of bonds may be reduced in inverse order of maturity for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or independent financial advisor employed by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semiannually on February 1 and August 1 during the periods in which principal and interest are payable, and, if the additional parity bonds are issued as capital appreciation bonds, the amount payable at maturity thereof shall be payable on February 1 and/or August 1 during the periods in which such maturity amounts are payable.

(e) Additional parity bonds issued as variable rate debt must be assumed to bear the maximum interest rate thereon for the purpose of certifying satisfaction of the 120% condition set forth above, and a maximum rate must be set for any such variable rate additional parity bonds. Furthermore, any put feature associated with such variable rate debt must be covered by remarketing proceeds or a liquidity facility issued by a provider which is rated in one of the two highest short-term rating categories of Moody's

Investors Service or Standard & Poors Corporation.

SECTION 16. Additional Covenants of the City. For the purpose of further safeguarding the interests of the holders of the 1994 Bonds, it is specifically provided as follows:

(a) The City shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1994 Bonds are outstanding, the City shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In addition to or in lieu of the foregoing, the City may provide for coverage on all or part of the works comparable to that described above through a self-insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as net revenues of the works.

(c) So long as any of the 1994 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for proper operation and maintenance of the works.

(d) Except as provided in Section 15 hereof, so long as any of the 1994 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the 1994 Bonds, unless all of the 1994 Bonds are redeemed, retired or defeased coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with the sewage works.

(f) This Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of any 1994 Bonds, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so

long as any of said bonds or the interest thereon remain unpaid.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the 1994 Bonds for the uses and purposes herein set forth. The provisions of this Ordinance shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sinking Fund and for the uses and purposes of said Fund as set forth in this Ordinance. The owners of the 1994 Bonds shall have all of the rights, remedies and privileges set forth under the Act in the event of default in the payment of the principal of or interest on any of the 1994 Bonds or in the event of default with respect to any of the provisions of this Ordinance or the Act, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

SECTION 17. Tax Covenants. In order to preserve the exclusion of interest on the 1994 Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 1994 Bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use proceeds of the 1994 Bonds or property financed by the 1994 Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1994 Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract, or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No 1994 Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No 1994 Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a non-governmental person in any manner that would in substance constitute a loan of the 1994 Bond proceeds.

(c) The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the 1994 Bonds (the "Code"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on 1994 Bond proceeds or other monies treated as 1994 Bond proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment

income on funds and accounts, in trust for such purposes.

(d) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(e) The City will not make any investment or do any other act or thing during the period that any 1994 Bond is outstanding hereunder which would cause any 1994 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the 1994 Bonds.

The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103(a) of the Code, and the City will not act in any manner which would adversely affect such exclusion.

Notwithstanding any other provisions of this Ordinance, the foregoing covenants and authorizations (the "Tax Sections") which are designed to preserve the exclusion of interest on the 1994 Bonds from gross income under federal income tax law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 18. Amendments. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest or premium, if any, on any 1994 Bond or an advancement of the earliest redemption date on any 1994 Bond; or

(b) A reduction in the principal amount of any 1994 Bond or the redemption premium or the rate of interest thereon, or a change in the monetary medium in which such amounts are payable; or

(c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or

(d) A preference or priority of any 1994 Bond or Bonds over any other 1994 Bond or Bonds; or

(e) A reduction in the aggregate principal amount of the 1994 Bonds required for consent to such supplemental ordinance.

If the City shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the 1994 Bonds. The Registrar shall not, however, be subject to any liability to any owners of the 1994 Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the City shall receive any instrument or instruments purporting to be executed by the owners of the 1994 Bonds of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the City may adopt such supplemental ordinance in substantially such form, without liability or responsibility to any owners of the 1994 Bonds, whether or not such owners shall have consented thereto.

No owner of any 1994 Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of 1994 Bonds then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the 1994 Bonds, and the terms and provisions of the 1994 Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 1994 Bonds then outstanding.

Without notice to or consent of the owners of the 1994 Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance; or

(b) to grant to or confer upon the owners of the 1994 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1994 Bonds; or

(c) to procure a rating on the 1994 Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the 1994 Bonds; or

(d) to make any other change which is not to the prejudice of the owners of the 1994 Bonds; or

(e) to provide for the refunding or advance refunding of the 1994 Bonds.

SECTION 19. Defaults. In the event available moneys hereunder, subject to the restrictions on use of money held under this Ordinance as set forth herein, and other monies available for such purpose are insufficient to pay debt service on all bonds payable from the revenues of the sewage works when due, available moneys shall be applied, after payment of all costs and expenses associated therewith, to the 1993 Bonds, 1994 Bonds and any additional bonds issued in accord with Section 15 hereof (together, "Parity Bonds"), subject to any rights of the holders of the Refunded Bonds and the 1985 Bonds, as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any 1994 Bond or other Parity Bond, and during any time that the amount held in the Sewage Works Reserve Account is less than the Sewage Works Reserve Requirement, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 16(d) hereof

("Junior Bonds"). Moneys available for payment to holders of Junior Bonds shall, in the event of an insufficient amount being available to pay all debt service with respect to the Junior Bonds when due, be applied to the Junior Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding Parity Bonds unless otherwise provided in the ordinance authorizing the Junior Bonds.

SECTION 20. Approval of Official Statement. The distribution of the preliminary official statement with respect to the 1994 Bonds, substantially in the form presented to this meeting, with such changes and modifications as may be authorized by the Mayor, as evidenced by his signature thereon, is hereby authorized, approved and ratified, and this Council hereby deems final said official statement, as of its date, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion as permitted by said Rule, and the Common Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended in the form of a final official statement.

SECTION 21. No Conflict. All ordinances, resolutions, and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed. After the issuance of the 1994 Bonds authorized by this Ordinance and so long as any of the 1994 Bonds or interest thereon remains unpaid, except as expressly provided herein, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the holders of the 1994 Bonds, nor shall the City adopt any law, ordinance or resolution which in any way adversely affects the rights of such holders.

SECTION 22. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 23. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 24. Effectiveness. This Ordinance shall be in full force and effect from and after its passage. Upon payment in full of the principal and interest respecting the 1994 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with Section 14, all pledges, covenants and other rights granted by this Ordinance shall cease.

Council member

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
City Attorney

EXHIBIT A

Project Description

DIGESTER MODIFICATION/SLUDGE THICKENING PROJECT

Designed to add and modify equipment to thicken the Filtration Plant's sludge.

THE MODIFICATIONS AND ADDITIONS WILL EXTEND THE DETENTION TIME OF THE SLUDGE AND ENHANCE THE ABILITY OF THE FILTRATION PLANT TO MEET EPA REQUIREMENTS.

EXHIBIT B

Maturity Schedule

Year	Amount

EXHIBIT B

Maturity Schedule

Year	Amount	Year	Amount
1994	$120,000	2002	$440,000
1995	325,000	2003	465,000
1996	335,000	2004	485,000
1997	350,000	2005	515,000
1998	365,000	2006	540,000
1999	385,000	2007	570,000
2000	400,000	2008	605,000
2001	420,000	2009	640,000

At the option of the successful bidder, all or a portion of the Bonds may be aggregated into one or more term bonds. Any term bond will be subject to mandatory sinking fund redemption, with sinking fund redemption payments corresponding to the principal amounts shown above for the relevant years. Such sinking fund redemption payments shall be made without premium or penalty, but will include accrued interest to the mandatory sinking fund redemption date.

BILL NO. S-94-02-13

REPORT OF THE COMMITTEE ON
~~FINANCE~~ Committee of the Whole
CLETUS R. EDMONDS - DONALD J. SCHMIDT - CO-CHAIR
ARCHIE L. LUNSEY
DAVID C. LONG

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS

REFERRED AN (ORDINANCE) (~~RESOLUTION~~) concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of Revenue Bonds to provide the cost thereof

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID (ORDINANCE) (~~RESOLUTION~~)

DO PASS	DO NOT PASS	ABSTAIN	NO REC
Paul Ensley			Mike Fryman
Janet Bradbury			Glenn Brown
Sam Talarico			Cletus Edmonds
			Tom Henry

DATED: 2-22-94

Sandra E. Kennedy
City Clerk

The City of Fort Wayne

Paul Helmke, Mayor

DIVISION OF FINANCE AND ADMINISTRATION
CITY COUNCIL COVER LETTER

To: City Council Members
From: Douglas M. Lehman, CFA, City Controller
Date: March 22, 1994
Subject: Sale of $7,000,000 Sewer Bonds on March 17, 1994

The 1994 Sewage Works Junior Revenue Bonds were awarded by bid on March 17, 1994 to Raffensperger Hughes of Indianapolis. Their bid net interest cost (NIC) was 5.4505873%. There were five bids received. They are detailed below:

Bidder	Net Interest Dollars	Rate
Raffensperger Hughes	$3,503,183.33	5.4505873%
Hutchinson Shockey	$3,503,821.67	5.4515805%
Kemper	$3,525,692.95	5.4856100%
First Chicago	$3,563,881.07	5.5450267%
Summers & Company	$3,594,262.08	5.5922964%

Under the winning bid, payments will begin on August 1, 1994 and cease on August 1, 2009. The coupon rates range from 5.20% to 5.50%. Closing is scheduled for March 31, 1994.

On March 17, and for the last couple of weeks, the municipal bond market was fairly unstable. We were delighted to get bids anywhere below 5.50%, and are quite happy with the results of this sale. Please call me at 427-1349 if you have any questions. Thank you.

BICENTENNIAL FORT WAYNE 1794 — 1994

One Main Street Fort Wayne, Indiana 46802-1804
An Equal Opportunity Employer

GCIU 552M

DIGEST SHEET

TITLE OF ORDINANCE SPECIAL ORDINANCE

DEPARTMENT REQUESTING ORDINANCE CONTROLLER'S OFFICE

SYNOPSIS OF ORDINANCE APPROVES ISSUANCE AND TERMS OF THE 1994 SEWER BOND. ORIGINAL PRINCIPAL ISSUE AMOUNT OF THE REVENUE BONDS WILL NOT EXCEED $7.5 MILLION DOLLARS.

S-94-02-13
(as amended)

EFFECT OF PASSAGE 1994 SEWER BONDS MAY BE ISSUED.

EFFECT OF NON-PASSAGE BONDS CANNOT BE ISSUED; PROJECT CANNOT BE COMPLETED.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS)

ASSIGNED TO COMMITTEE (PRESIDENT)

NEW ISSUE-BOOK-ENTRY-ONLY

RATINGS: Moody's "Aaa"
Standard & Poor's "AAA"
AMBAC Insured

FINAL OFFICIAL STATEMENT DATED MARCH 23, 1994

$7,000,000
CITY OF FORT WAYNE, INDIANA
Sewage Works Junior Revenue Bonds of 1994

Dated: March 1, 1994 **Maturity: August 1, as shown below**

The City of Fort Wayne, in Allen County, Indiana (the "City") is issuing $7,000,000 of Sewage Works Junior Revenue Bonds of 1994 (the "Bonds") for the purpose of providing funds to pay the costs of improvements to the municipal sewage works of the City (the "Sewage Works"), to fund a debt service reserve and to pay expenses incidental to the issuance of the Bonds. The Bonds are being issued pursuant to Ordinance No. S-08-94 (the "Ordinance"), adopted by the Common Council of the City of Fort Wayne, Indiana on February 22, 1994. Interest on the Bonds shall be payable semi-annually on February 1 and August 1 of each year commencing August 1, 1994. Principal of the Bonds is payable as set forth below at the principal corporate trust office of Fort Wayne National Bank, Fort Wayne, Indiana as Registrar and Paying Agent (the "Registrar" or "Paying Agent"). The Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds will be paid directly to DTC by the Paying Agent. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein. (See "DESCRIPTION OF THE REVENUE BONDS" herein).

MATURITY SCHEDULE

Maturity	Principal Amount	Coupon	Yield	Maturity	Principal Amount	Coupon	Yield
8/1/94	$120,000	5.20%	2.80%	8/1/02	$445,000	5.20%	5.00%
8/1/95	325,000	5.20	3.40	8/1/03	465,000	5.20	5.10
8/1/96	340,000	5.20	4.00	8/1/04	490,000	5.20	5.20
8/1/97	350,000	5.20	4.20	8/1/05	515,000	5.30	5.30
8/1/98	365,000	5.20	4.40	8/1/06	545,000	5.40	5.40
8/1/99	385,000	5.20	4.60	8/1/07	575,000	5.40	5.50
8/1/00	400,000	5.20	4.75	8/1/08	610,000	5.50	5.60
8/1/01	425,000	5.20	4.90	8/1/09	645,000	5.50	5.65

The Bonds are subject to optional redemption prior to maturity as more fully described in this Official Statement. (See "REDEMPTION PROVISIONS" herein).

AMBAC. Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the Bonds.

THE PRINCIPAL AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE NET REVENUES (AS DEFINED HEREIN) OF THE SEWAGE WORKS AND ARE JUNIOR AND SUBORDINATE TO THE SEWAGE WORKS REVENUE REFUNDING BONDS OF 1985 (THE "1985 BONDS") AND ARE ON A PARITY WITH THE SEWAGE WORKS JUNIOR REFUNDING REVENUE BONDS OF 1993 (THE "1993 BONDS"). THE BONDS DO NOT CONSTITUTE A CORPORATE OBLIGATION OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION AND LAWS OF THE STATE OF INDIANA.

IN CONNECTION WITH ANY ACQUISITION OF THE BONDS BY FINANCIAL INSTITUTIONS, THE BONDS WILL NOT BE DEEMED TO BE "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

TAX EXEMPTION

In the opinion of Barnes & Thornburg, Bond Counsel, under existing statutes, decisions, regulations, published rulings and court decisions, the interest on the Bonds is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" herein.

LEGAL OPINION

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Bond Counsel substantially in the form set forth in Appendix C. This opinion will also be printed on the Bonds. Certain legal matters will be passed upon for the City by the City Attorney.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

RAFFENSPERGER, HUGHES & CO., INC.

MERRILL LYNCH CAPITAL MARKETS
A.G. EDWARDS & SONS, INC.
RONEY & CO.
FIDELITY CAPITAL MARKETS CO.
MCDONALD & CO. SECURITIES, INC.

EDWARD D. JONES & CO.
BANC ONE CAPITAL CORP.
ROBERT W. BAIRD & CO., INC.
HAMILTON INVESTMENTS, INC.
TRAUB AND COMPANY, INC.

The information contained in this Official Statement, which includes the cover page, summary statement and appendices, has been obtained from the City of Fort Wayne, Indiana and other sources which are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, salesman or any other person has been authorized by the City of Fort Wayne to give any information or to make any representation other than as contained in the Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon.

This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person in which such offer, solicitation or sale would be unlawful.

Upon issuance, the Bonds will not be registered by the City of Fort Wayne under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. The City of Fort Wayne has not applied to the Securities and Exchange Commission or any other federal or state authority for review of the adequacy of disclosures made in this Official Statement.

CITY OF FORT WAYNE, INDIANA

MAYOR
Paul Helmke

BOARD OF PUBLIC WORKS
Charles E. Layton
Chairman

Katherine A. Carrier, CPA

C. James Owen, Ph.D

COMMON COUNCIL
Donald J. Schmidt
President

Janet G. Bradbury
Cletus R. Edmonds
Thomas C. Henry
David C. Long

Archie L. Lunsey
Rebecca Ravine
Mark E. GiaQuinta
Samuel Talarico

CITY CLERK
Sandra E. Kennedy

CITY CONTROLLER
Douglas M. Lehman, CFA

CITY ATTORNEY
J. Timothy McCaulay
Ft. Wayne, Indiana

BOND COUNSEL
Barnes & Thornburg

FINANCIAL CONSULTANT
Municipal Consultants
Indianapolis, Indiana

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$6,960,000
CITY OF FORT WAYNE, INDIANA
Sewage Works Junior Revenue Bonds of 1994

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DESCRIPTION OF THE CITY

DESCRIPTION OF THE SEWAGE WORKS

CITY DEBT AND TAXATION

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SUMMARY STATEMENT

City of Fort Wayne, Indiana
Sewage Works Junior Revenue Bonds of 1994

(This Summary Statement contains certain information which has been summarized for quick reference only and does not purport to represent the significant matters contained in documents exhibited elsewhere herein. Prospective investors should read the complete Official Statement including all Appendices herein.)

Issuer	City of Fort Wayne, Indiana (the "City")
Securities Offered	$7,000,000 Sewage Works Junior Revenue Bonds of 1994 (the "Bonds")
Bonds Presently Outstanding	Sewage Works Revenue Refunding Bonds of 1985 (with an accreted value of capital appreciation bonds at August 1, 1994 of $19,352,496); $6,185,000 Sewage Works Junior Refunding Revenue Bonds of 1993.
Security	Secured by and payable from the Net Revenues of the City's Sewage Works (defined as gross revenues after deduction for payment of reasonable expenses of operation, repair and maintenance). The Bonds are junior and subordinate to the Sewage Works Revenue Refunding Bonds of 1985 (the "1985 Bonds") and are on a parity with the Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds").
Ratings and Bond Insurance	AMBAC has given a commitment to issue a Municipal Bond New Issue Insurance Policy relating to the Bonds. By virtue of such insurance the Bonds will bear the current ratings of "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Corporation.
Offering Date and Time	March 17, 1994, 11:00 A.M., E.S.T.
Closing Date	The City anticipates delivery of the Bonds on or about March 31, 1994.
Interest Payment Dates	August 1 and February 1, commencing August 1, 1994.
Maturity	Serial Bonds - August 1, 1994 and annually thereafter to August 1, 2009.
Redemption	The Bonds maturing on and after August 1, 2004 are redeemable at the option of the City on August 1, 2003, or any date thereafter, on thirty days' notice, in whole or in part, in any order of maturities to be selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Bank Eligibility	The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Other Terms and Conditions	The Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof.
Use of Proceeds	To provide funds for the payment of costs of improvements to the Sewage Works, to fund a debt service reserve and to pay expenses incidental to the issuance of the Bonds.
Business and Service Area	The City owns and operates the Sewage Works which serves about 64,360 residential, 4,468 commercial and 381 industrial customers along with 480 institutional and 125 governmental customers. The City also owns and operates the local municipal Waterworks.
Sewer Rates	The Common Council of the City promulgates sewer rates. Rates are subject to public hearing and certain statutory tests for reasonableness. Rates now in effect have heretofore been approved as to structure and sufficiency by the U.S. Environmental Protection Agency.

Financial Information
Fort Wayne Sewage Works

Financial Information:

Net Revenues Available for Debt Service (actual 12-31-93) (unaudited)	$ 6,824,846
Debt Service Requirement (1994)	$ 4,270,312

Official Bond Sale Notice
$7,000,000
CITY OF FORT WAYNE, INDIANA
Sewage Works Junior Revenue Bonds of 1994

Sealed bids will be received by the Controller of the City of Fort Wayne, Indiana (the "City") or his representative in the office of the Controller at the City-County Building, One Main Street, 9th Floor, Fort Wayne, Indiana 46802 until the hour of 11:00 A.M., local time, on Thursday, March 17, 1994, for the purchase of the above bonds (the "Bonds"). Interest on any Bond will be payable on August 1, 1994 and semi-annually thereafter on February 1 and August 1 calculated on the basis of thirty day months and a three hundred sixty day year. The Bonds will be dated March 1, 1994, will be issued in book-entry form on the books of The Depository Trust Company in denominations of $5,000 or integral multiples thereof, and will mature serially on August 1 of the year and in the amounts indicated below.

Year	Amount	Year	Amount
1994	$120,000	2002	$445,000
1995	325,000	2003	465,000
1996	340,000	2004	490,000
1997	350,000	2005	515,000
1998	365,000	2006	545,000
1999	385,000	2007	575,000
2000	400,000	2008	610,000
2001	425,000	2009	645,000

At the option of the successful bidder, all or a portion of the Bonds may be aggregated into one or more term bonds. Any term bond will be subject to mandatory sinking fund redemption, with sinking fund redemption payments corresponding to the principal amounts shown above for the relevant years. Such sinking fund redemption payments shall be made without premium or penalty, but will include accrued interest to the mandatory sinking fund redemption date.

Principal of the Bonds is payable at the principal corporate trust office of Fort Wayne National Bank in the City of Fort Wayne, Indiana, as registrar and paying agent. Interest shall be paid by check or draft mailed to the registered owners. The Bonds will be issued in fully registered form.

The Bonds maturing on August 1, 2004 and any date thereafter are subject to redemption prior to maturity in whole or in part on August 1, 2003 or any date thereafter, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Each bid must be for all of the Bonds and must state the rate or rates of interest in multiples of 1/8 or 1/20 of 1%, not to exceed 7% per annum. Any bids specifying two or more interest rates shall also specify the amount and maturities of the Bonds bearing each rate, but all Bonds maturing on the same date shall bear the same interest rate. The rate on any maturities shall be

equal to or greater than the rate on the immediately preceding maturity. The award will be made to the best bidder complying with the terms of sale and offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds to their maturities and deducting therefrom the premium bid, if any, and adding thereto the discount bid, if any. Although not a term of sale, it is requested that each bid show the net dollar interest cost to final maturity and the net effective interest rate on the entire issue. No conditional bid or bid for less than 99% of the par value of the Bonds will be considered. In addition to the amount bid, the successful bidder will be required to pay accrued interest from the dated date of the Bonds to the date of delivery at the rate or rates named in the bid. The right is reserved to reject any and all bids. If no satisfactory bids are received at the time and on the date herein fixed, the sale may be continued from day to day thereafter for thirty (30) days until a satisfactory bid has been received, but during such period no bid which provides an equal or a higher net interest cost to the City than the best bid received at the time of the advertised sale will be considered.

Each bid must be on a customary bid form which shall be enclosed in a sealed envelope addressed to the Controller of the City of Fort Wayne and marked "City of Fort Wayne Sewage Works Junior Revenue Bonds of 1994". Each bid must be accompanied by a Certified or cashier's check or Financial Surety Bond in the amount of $70,000 (the "Deposit"). Any check or Financial Surety Bond will be held as guaranty of the performance of the bid if the same be accepted, or immediately returned if the bid is not accepted. If a check is submitted, such check shall be drawn on a bank or trust company which is insured by the Federal Deposit Insurance Corporation, and shall be payable to "City of Fort Wayne, Indiana". If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, and such bond must be submitted to the City Controller prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser is required to submit its Deposit to the City Controller in the form of a certified or cashier's check (or wire transfer such amount as instructed by the City) not later than 3:30 p.m. (Fort Wayne Time) on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirements. No interest on the Deposit will accrue to the successful bidder. The successful bidder will be required to make payment for such Bonds in Federal Reserve funds or other immediately available funds and accept delivery of the Bonds within five business days after being notified that the Bonds are ready for delivery, at such bank in the City of Fort Wayne, Indiana, as it shall designate, or at such other location which may be mutually agreed to by the City and such bidder. It is anticipated that the Bonds will be ready for delivery within thirty days after the sale date. If not ready for delivery within forty-five days after the sale date, the purchaser shall be entitled to rescind the sale and obtain the return of the good faith deposit. The successful bidder will also be required to certify as to the price at which a substantial amount of Bonds of each maturity was reoffered to the public. The opinion of Barnes & Thornburg, approving the legality of the Bonds, together with a transcript of the bond proceedings and closing certificates in the usual form showing no litigation, will be furnished to the successful bidder at the expense of the City.

The Bonds are being issued under the provisions of Indiana Code 36-9-23 for the purpose of providing funds to be applied to the cost of improvements to the City's sewage works. The Bonds are payable out of the net revenues of the City's sewage works.

In the opinion of Barnes & Thornburg, as more fully described in the Official Statement, under federal statutes, court decisions, regulations and published rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation and exempt from state income taxation in the State of Indiana, except for the State financial institutions tax.

The Bonds are subject to the Internal Revenue Code of 1986, as amended, as in effect on the date of their issuance (the "Code") which imposes limitations on the issuance of obligations such as the Bonds under federal tax law. The City has covenanted to comply with those limitations to the extent required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The City has prepared an Official Statement relating to the Bonds which it has deemed to be nearly final. A copy of the nearly final Official Statement may be obtained upon application by prospective bidders to Douglas M. Lehman, City Controller, at the address above, or from the Financial Advisor, Municipal Consultants, 2200 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.

Within seven (7) business days of the sale, the City will provide the successful bidder with 75 copies of the final Official Statement at the City's expense and such additional copies as may be requested, within five (5) business days of the sale by the successful bidder at the expense of the successful bidder.

Inquiries concerning matters contained in the nearly final Official Statement must be submitted by the successful bidder within two (2) business days following the sale to be included in the final Official Statement.

Dated this 24th day of February, 1994.

/s/ Douglas M. Lehman
Controller, City of Fort Wayne

OFFICIAL STATEMENT

CITY OF FORT WAYNE, INDIANA
Relating to the Issuance of $7,000,000
Sewage Works Junior Revenue Bonds of 1994

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the cover page, Official Bond Sale Notice, and Appendices, is to provide information relating to the Sewage Works Junior Revenue Bonds of 1994 (the "Bonds") to be issued by the City of Fort Wayne, Indiana (the "City").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information concerning the City and its sewer utility (the "Sewage Works"), including financial statements, rate schedules and tax tables, is intended to show recent historic information and is not intended to indicate or project future or continuing trends in the financial position or other affairs of the City or the Sewage Works. No representation is made or implied hereby that any past experience, as might be shown by the financial and other information, will necessarily continue in the future. References to provisions of Indiana law or of the Indiana Constitution are references to current provisions which may be amended, repealed or supplemented.

PURPOSE OF THE BOND ISSUE

The Bonds are being issued pursuant to Indiana Code Section 36-9-23 (the "Act") and pursuant to Ordinance No. S-08-94 adopted by the Common Council of the City on February 22, 1994 (the "Ordinance") for the purpose of funding the costs of improvements to the Sewage Works of the City (the "Project"), to fund a debt service reserve and to pay expenses incidental to the issuance of the Bonds. The City is authorized under the Act to undertake construction and improvement of the City's Sewage Works (the "Sewage Works") and to issue revenue bonds to finance such construction and improvements payable from the Net Revenues (defined as gross revenues after deduction only for the reasonable expenses of operation, repair and maintenance) of the Sewage Works.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Bond Issue	$ 7,000,000
Interest Income	113,760
Accrued Interest	30,877
Total Sources of Funds	$ 7,144,637
Uses of Funds	
Construction Costs	$ 5,373,430
Construction Contingencies	204,163
Engineering	679,800
Debt Service Reserve	689,280
Discount	70,000
Cost of Issuance	97,087
Accrued Interest	30,877
Total Uses of Funds	$ 7,144,637

DESCRIPTION OF THE BONDS

The Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York (the "DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds.

Interest on the Bonds shall be payable semi-annually on February 1 and August 1 in each year beginning on August 1, 1994. The principal of the Bonds is payable at the principal corporate trust office of Fort Wayne National Bank, as Registrar and Paying Agent, (the "Registrar" or "Paying Agent"), in the City of Fort Wayne, Indiana. Interest on the Bonds will be paid by check, mailed one business day prior to the interest payment date to the registered owners of the Bonds as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar; provided, however, so long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein.)

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (or their representatives or, both) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the Bond acquired from the appropriate DTC Participants or Indirect Participant. Transfers of ownership interests in the Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City or its agent and discharging its responsibilities with respect thereto under applicable law. The City may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interest of the Beneficial Owners. In either such event, ownership of each Bond will be transferred to such person or persons, including any other clearing agency, as the holder of such Bond may direct. See "Revision of Book-Entry-Only System."

The City and the Paying Agent and Registrar will recognize DTC or its nominee as the bondholder for all purposes, including without limitation, the receiving of payment of the principal of and interest on any Bonds, the receiving of notice and the giving of consent. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. DTC has no knowledge of the actual Beneficial Owners of the Bonds. The City will not have any responsibility or obligation to any DTC Participant or Indirect Participant, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bonds, including, without limitation, any responsibility or obligation to maintain accurate records of any interest in any Bonds or any responsibility or obligation with respect to the receiving of payment of principal of or interest on any Bonds, the receiving of notice or the giving of consent.

Principal and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. DTC's current practice is to credit the accounts of the DTC Participants on a payable date in accordance with their respective holdings shown on the records of DTC unless DTC has reason to believe that it will not receive payment on a payable date. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium and interest to DTC is the responsibility of the City or the Paying Agent and disbursement of such payments to DTC Participants shall be the responsibility of DTC Participants and Indirect Participants.

Certain of the information under "Book-Entry-Only System" has been extracted from a report from DTC entitled "Book-Entry-Only Municipals". No representation is made by the City as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

Revision of Book-Entry-Only System.

In the event that either (1) the City receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (2) the City

elects to discontinue its use of DTC as a clearing agency for the Bonds, then the City will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other clearing agency, as the holder of such Bonds may direct. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the City.

REDEMPTION PROVISIONS

The Bonds maturing on and after August 1, 2004 are redeemable at the option of the City, in whole or in part, on August 1, 2003, or any date thereafter, on thirty days' notice, in whole or in part, in any order of maturities to be selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City kept by the Registrar not more than 60 days and not less than 30 days prior to the date fixed for redemption. Although DTC's rules and procedures require DTC to act in the foregoing manner, the City can make no assurances that DTC, the DTC Participants, or the Indirect Participants or other nominees of the bondholders will distribute such notices to bondholders or that they will do so on a timely basis or that they will act in the manner described in the Official Statement. Failure to give proper notice of redemption, or any defect therein, with respect to any Bond shall not affect the validity of any proceedings for the redemption of any other Bond.

Interest on the Bonds called for redemption shall cease on the redemption date if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and, thereafter, such Bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding under the Ordinance and such holders of Bonds shall have the right only to receive the redemption price.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are special revenue obligations of the City. The Net Revenues constitute the source of payment of the Bonds. The City shall not be obligated to pay the Bonds nor the interest thereon except from said Net Revenues of the Sewage Works and the Bonds will not constitute an indebtedness of the City within the meaning of the provisions and the limitations of the Constitution of the State of Indiana.

The Bonds are to rank junior and subordinate to the Sewage Works Revenue Bonds of 1985 (the "1985 Bonds") (with an accreted value of capital appreciation bonds at August 1, 1994 of $19,352,496) and are on a parity with the Sewage Works Junior Revenue Bonds of 1993 (the "1993 Bonds"). The 1985 Bonds economically defeased six prior bond issues of the Sewage Works by placing into an irrevocable escrow trust certain U.S. Treasury Obligations - State and Local Government Series (SLGS). Principal and interest on those prior bonds is being paid as it

comes due, however, in the event such escrow trust would be insufficient to make such principal and interest payments, the prior bonds have a superior lien on the net revenues of the Sewage Works. Remaining principal as of March 1, 1994 of the four remaining prior issues is as follows:

Sewage Works Improvement Revenue Bonds of 1970 (1)	$ 455,000
Sewage Works Improvement Revenue Bonds of 1975 (2)	2,840,000
Sewage Works Revenue Bonds of 1982 (3)	3,400,000
Sewer Construction Revenue Bonds of 1982 (3)	3,035,000
Total	$ 9,730,000

(1) Final maturity August 1, 1995
(2) Final maturity August 1, 1997
(3) Final maturity August 1, 2000

RISKS TO THE OWNERS OF THE BONDS

There are certain risks involved in the ownership of the Bonds which should be considered by prospective investors. The following list of risk factors is not intended to include all such possible factors. Other risks that have not been referred to hereafter may also be present for certain investors.

1. The Bonds are payable solely from the Net Revenues of the City's Sewage Works. If such Net Revenues are insufficient to pay the principal of or the interest on the Bonds, the City is not obligated to pay the principal of or the interest on the Bonds from any other revenues, funds or taxes.

2. Adverse economic conditions in the City, Allen County, State of Indiana or the United States could result in substantial reductions in the Net Revenues of the City's Sewage Works. Such adverse economic conditions could include a general economic downturn, strikes, layoffs or plant closings in the City or County.

3. Federal and state legislatures and/or certain of its administrative agencies with jurisdiction in environmental matters could enact new laws or regulations which could cause substantial increases in the cost of operations in the City's Sewage Works which in certain instances could not be recovered from users of the Sewage Works. In such event, the Net Revenues could be substantially reduced and may be insufficient to pay the principal of or the interest on the Bonds.

4. The City made certain tax covenants under the Ordinance to use its best efforts to comply with all actions required to assure the continuing exclusion of interest on the Bonds from gross income for federal income tax purposes. Failure by the City to comply with such tax covenants could cause the interest on the Bonds to be taxable retroactive to the date of issuance. See "TAX MATTERS" herein.

RATES AND REGULATION

Rates charged for sewage service in the City are fixed by the Common Council pursuant to a Resolution of the Board of Public Works requesting the adoption of a rate ordinance after duly advertised public notice and hearing. The rate covenant of the Ordinance requires the City to maintain rates which adequately provide for all of the financial requirements necessary to operate the Sewage Works and to make all required payments to the Sewage Works Sinking Fund. Further, the City has covenanted to maintain rates which provide debt service coverage of at least 110%. See "APPENDIX B" herein.

The schedule of rates and charges being collected by the City's Sewage Works was duly adopted by the Common Council with the new rates effective on August 1, 1992.

DISPOSITION OF NET REVENUES

The disposition of revenues, and the funds and accounts related thereto, is controlled by an ordinance which previously authorized the issuance of revenue bonds of the Sewage Works.

All revenues derived from the operation of the Sewage Works are required to be deposited in a fund from which all proper and reasonable expenses of operation, repair and maintenance of the Sewage Works shall be paid. Remaining monies are defined as "Net Revenues".

Net Revenues will be applied monthly to the Sinking Fund in an amount equal to at least 1/12 of the amount required for payment of all principal and interest as it falls due together with a 10% margin of safety during the next succeeding 12 calendar months until an amount equal to the next twelve months payments is accumulated in the Sinking Fund. From the Sinking Fund will be paid all debt service and related fiscal agency costs of the Bonds and any additional bonds payable from the Net Revenues.

Within the Sinking Fund is established a Sewage Works Reserve Account (the "Reserve Account") for the Bonds and any subsequently issued parity bonds, to be funded at the time of issuance of the Bonds to an amount equal to the least of (a) maximum annual debt service on the Bonds, (b) 125% of average annual debt service on the Bonds, or (c) 10% of the proceeds of the Bonds (the "Reserve Requirement"). Any deficiency in the Reserve Account below the Reserve Requirement from time to time will be fully funded within twelve months from Net Revenues.

Net Revenues, after making the necessary deposits to the Sinking Fund, can be deposited into an Operation and Maintenance Fund until there has accumulated an amount sufficient for operation, repair and maintenance of the Sewage Works for the next succeeding twelve calendar months.

Net Revenues, after making the necessary deposits to the Sinking Fund and the Operation and Maintenance Fund, can be deposited into a Sewage Works Replacement Fund to pay the costs of additions and improvements to the Sewage Works.

For a more detailed description of the funds and accounts under the Ordinance and the flow of revenues, see the Ordinance in "APPENDIX B" herein.

ISSUANCE OF ADDITIONAL REVENUE BONDS

The City reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Sewage Works, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions and improvements to the Sewage Works or to provide for refunding of bonds payable from Net Revenues, subject to the following conditions:

1. The interest on and principal of all bonds payable from the revenues of the Sewage Works shall have been paid to date in accordance with the terms thereof.

2. As of the time of issuance of the additional parity bonds, the balance in the Reserve Account shall at least equal the Reserve Requirement for the 1985 Bonds, the Bonds and all bonds ranking on a parity therewith.

3. The Net Revenues must be established at a level to provide not less than 120% of the maximum annual debt service of the outstanding bonds and the parity bonds proposed to be issued. This condition must be met in either of the following two ways:

    a. by showing that Net Revenues were sufficient in the fiscal year immediately preceding the issuance of the parity bonds; or

    b. by showing that, prior to the issuance of additional parity bonds, rates have been increased sufficiently, and/or the service area and/or customer base have expanded sufficiently, so that when applied to the previous fiscal year's operations, the Net Revenues would have been sufficient.

4. Principal and interest payment dates (month and day only) on the additional parity bonds must be the same as the Bonds.

5. The additional requirements set forth in Section 15 of the Ordinance must be satisfied.

No other bonds may be authorized and issued which pledge any portion of the Net Revenues while the Bonds and any parity bonds remain outstanding, except if such other bonds are made subordinate and junior in all respects to the Bonds and any parity bonds. See "APPENDIX B" herein.

ACCOUNTS AND REPORTS

The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from the Sewage Works and all disbursements made therefrom on account of the operation of the Sewage Works and to meet the requirements of the Sinking Fund and all other financial transactions relating to the Sewage Works, including the amounts set aside or credited to the various funds and the cash balances in each of said funds as of the close of the preceding fiscal year. There shall be prepared and furnished upon written request to the original purchaser of the Bonds and to any subsequent holder of the Bonds at the time then outstanding, not more than four months after the close of each fiscal year, operating income and expense and

balance sheet statements of the Sewage Works, covering the preceding fiscal year, which annual statements shall be certified by the City Controller, or the person charged with the duty of auditing the books and records relating to the Sewage Works or be prepared by an independent certified public accountant retained for that purpose. Copies of all such statements and reports shall be kept on file in the office of the City Controller. Any holder or holders of the Bonds then outstanding shall have the right at all reasonable times to inspect the Sewage Works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

RIGHTS AND REMEDIES OF REVENUE BONDHOLDERS

After the issuance of the Bonds, the Ordinance shall not be repealed or amended in any respect which would adversely affect the rights of the owners of said Bonds, nor shall the Common Council adopt any law, ordinance or resolution in any way adversely affecting the rights of such owners so long as any of the Bonds or the interest thereon remain unpaid. The Ordinance may be amended as set forth in the Ordinance.

The owners of the Bonds shall have all the rights, remedies and privileges set forth in the provisions of the governing Act including the right to have a receiver appointed to administer said Sewage Works in the event the City fails to fix and collect sufficient rates and charges or fails to operate and maintain the Sewage Works or if there is a default in the payment of the principal of or interest on the Bonds.

MISCELLANEOUS PROVISIONS OF THE ORDINANCE

The City shall at all times maintain its Sewage Works in good condition and operate the same in an efficient manner and at a reasonable cost.

So long as any of the Bonds are outstanding, the City shall maintain insurance on the insurable parts of the Sewage Works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In lieu of or in addition to the foregoing, the City may provide for insurance coverage for all or part of the Sewage Works comparable to that described above through a self insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as Net Revenues of the Sewage Works.

So long as any of the Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the Sewage Works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for the proper operation and maintenance of the Sewage Works.

Except as otherwise provided in the Ordinance, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the Sewage Works shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds, unless all of the Bonds are redeemed, retired or defeased coincidentally with the delivery of such additional bonds or other obligations.

LITIGATION

There is not now pending or threatened, to the City's knowledge, any litigation restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, any proceedings of the City taken with respect to the issuance and sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The remedies available to the bondholders upon default under the Ordinance are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Ordinance may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

TAX MATTERS

In the opinion of Barnes & Thornburg, Bond Counsel, under existing federal statutes, regulations, published rulings and court decisions, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the City with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the financial institutions tax.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The City will covenant not to take any action, nor fail to take any action, with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Ordinance and certain documents to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met.

The Bonds are not "private activity bonds". Therefore, the interest on the Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. However, interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax and the environment tax imposed by Section 59A of the Code.

Indiana Code 6-5.5 imposes a franchise-tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, are all corporations transacting the business of a financial institution in the State. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Bonds.

The Bonds have not been designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, which affords banks and thrift institutions purchasing the Bonds more favorable treatment of their deduction for interest expense that would otherwise be allowed under the Code.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect a Bondholder's federal income or State tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective owners of the bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

The foregoing does not purport to be a comprehensive discussion of the tax consequences of owning the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on and after August 1, 2007 (collectively, the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the cover of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount". A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on February 1 and August 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described above in "TAX MATTERS", the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchased Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences associated with the purchase.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a payment until a later year.

RATINGS

Standard & Poor's Corporation and Moody's Investors Service, Inc. have assigned their municipal bond ratings of "AAA" and "Aaa", respectively, to the Refunding Bonds with the understanding that upon delivery of the Refunding Bonds, a policy insuring the payment when due of the principal of and interest on the Refunding Bonds will be issued by AMBAC Indemnity Corporation.

BOND INSURANCE

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Refunding Bonds effective as of the date of issuance of the Refunding Bonds. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Refunding Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on

the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Paying Agent or the City. The insurance will extend for the term of the Bonds and, once issued, cannot be cancelled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates, in the case of principal, and on stated dates for payment, in the case of interest. In the event of any acceleration of the principal of the Refunding Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a Refunding Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does **not** cover:

1. Payment on acceleration, as a result of a call for redemption or as a result of any other advancement of maturity.

2. Payment of any redemption, prepayment or acceleration premium.

3. Nonpayment of principal or interest caused by the insolvency or negligence of any Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Refunding Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits, AMBAC Indemnity will become the owner of the Refunding Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Refunding Bond and will be fully subrogated to the surrendering Bondholder's rights to payment.

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, and the Commonwealth of Puerto Rico, with admitted assets of approximately $1,956,000,000 (audited) and statutory capital of approximately $1,122,000,000 (audited) as of December 31, 1993. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory

contingency reserve. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC Inc., a 100% publicly-held company. Moody's Investors Service, Inc. and Standard & Poor's Corporation have both assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the City.

AMBAC Indemnity makes no representation regarding the Refunding Bonds or the advisability of investing in the Refunding Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "RATINGS AND BOND INSURANCE".

CONCLUDING STATEMENT

The foregoing summaries and statements in this Official Statement do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. The attached Appendices are an integral part of this Official Statement and should be read together with all of the foregoing statements.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and are not presented as unqualified statements of fact. The information contained herein has been carefully compiled from sources deemed reliable and to the best knowledge and belief of the City there are no untrue statements nor omissions of material facts in the Official Statement which would make the statements and representations therein misleading.

The general purpose financial statements of the City of Fort Wayne, Indiana as of and for the year ended December 31, 1992 have been audited by the Indiana State Board of Accounts in accordance with generally accepted auditing standards. The said State auditors have expressed an unqualified opinion on the City's general purpose financial statements at the date of and for the period referred to above. A copy of the auditor's report and opinion are available to interested parties by application to the City Controller.

The financial statements of the City of Fort Wayne Utilities as of and for the year ended December 31, 1992 have been audited by KPMG Peat Marwick, certified public accountants, in accordance with generally accepted auditing standards.

The presentation of historical tax and other financial data exhibited elsewhere herein is intended to show recent trends and conditions. There is no intention to represent by such data that such trends will continue in the future nor that any pending improvement or diminution of local conditions is indicated thereby.

This Official Statement has been prepared on behalf of the City of Fort Wayne, Indiana, by Municipal Consultants, financial consultants, from information supplied by the City of Fort Wayne and other information sources deemed reliable. Inquiries concerning information contained in the Official Statement should be directed to said Municipal Consultants, attention Michael A. Claytor (317-269-6680).

The execution of this Official Statement has been authorized by the City of Fort Wayne.

CITY OF FORT WAYNE, INDIANA

/s/ Paul Helmke
Paul Helmke, Mayor

Dated: March 23, 1994

DESCRIPTION OF THE CITY

Location

The City of Fort Wayne is located in northern Indiana, 116 miles northeast of Indianapolis, 154 miles east of Chicago and 156 miles southwest of Detroit. It is the county seat of Allen County.

Population-Employment

		Fort Wayne	Allen County
Population	1950	133,607	183,722
	1960	161,776	232,196
	1970	178,269	280,455
	1980	172,196	294,335
	1990	184,221	300,836

Employment 198,810 Employed; 9,260 Unemployed; Work Force of 208,070 (Ft. Wayne MSA); 4.4% Unemployment Rate as of November 1993.

Data reported by Department of Workforce Development, Labor Market Information Services, Indianapolis, Indiana in cooperation with U.S. Bureau of Labor Statistics.

Comparative Unemployment Figures

Year	Allen County	Indiana	United States
1985	6.3%	7.9%	7.2%
1986	5.3	6.7	7.0
1987	5.2	6.4	6.2
1988	4.8	5.3	5.5
1989	4.4	4.7	5.3
1990	5.1	5.3	5.5
1991	5.9	5.9	6.7
1992	6.1	6.5	7.4
1993 (a)	4.5	4.9	6.5

(a) Through November, 1993.

Taxes

Assessed Valuation: $1,339,875,210 for taxes payable in 1994.

Property Tax: $9.3184 for 1993 per $100 of assessed valuation of Fort Wayne-Wayne Township after property tax credit of 15.6313% (paid by State from sales tax receipts). Household goods are exempt.

Sales & Use Tax: 5% tangible personal property except food and prescription drugs; Allen County Food & Beverage sales tax of 1%.

Individual Adjusted Gross Income: 3.4% of earnings - $1,000 annual exemption allowed for taxpayer and each dependent.

Excise Tax: Cigarettes - 15.6 cents per package. Gasoline - 15 cents per gallon.

Automobile Tax: Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

County Surtax: Annual tax of 5% with a $7.50 vehicle minimum on vehicles subject to state license excise tax.

County Wheel Tax: Annual tax on buses, tractors, trailers, trucks, special machinery and recreational vehicles with a minimum of $7.50 and a maximum of $30.00 per vehicle.

County Option Income Tax: .5% of taxable income of Allen County residents and .125% of taxable income for non-residents employed in the County.

County Economic Development Income Tax: .2% of taxable income of Allen County residents and .05% of taxable income non-residents employed in the County.

Education

Public Schools: 52 schools including 6 senior and 11 middle schools.

Parochial Schools: 13 Catholic, including 2 senior high schools; 12 Lutheran, including one senior high school.

Colleges/Universities: Indiana-Purdue Regional Campus, St. Francis College, Concordia Theological Seminary, International Business Junior College, Indiana Vocational Technical College, Indiana Institute of Technology, Taylor University (Fort Wayne Campus) and ITT Technical Institute.

Transportation

Air Lines: Delta, American Eagle, Northwest, United Express, Comair and U.S. Air.

Air Cargo Facilities: Federal Express and UPS.

Railroads: ConRail; Norfolk & Southern; Amtrak.

Highways: I-69; US 24, 27, 30, 33; State Roads 1, 3, 14, 37.

Streets: 655 miles of roadways within corporate limits.

Inter-City Bus: ABC Coach, Indiana Motor Bus, Greyhound.

Motor Carriers: 60 common and contract motor carriers of which 53 have terminals in Fort Wayne.

Intra-City Bus: Fort Wayne Public Transportation Corporation.

Utilities

Electricity: Indiana Michigan Power Company.

Gas: Northern Indiana Public Service Company.

Water: City-owned filtration plant. Capacity per day - 72 million gallons; 69,087 users.

Sewer: City-owned plant designated as a regional water pollution control facility by EPA. New 60 mgd plant completed in 1977. There are presently 69,814 users.

Telephone: General Telephone Company of Indiana.

Community Data

Airports: Fort Wayne International Airport - scheduled airline, private/military flying and Smith Field - private only.

Altitude: 791 feet above sea level.

Area: 56 square miles

Churches: City of churches - 353 churches virtually representing all denominations.

City Government: Mayor - Council form; 21 wards, 223 precincts in the county; nine council members.

Climate: 35 inches of rainfall annually - mean annual temperature of 50 degrees.

Fire Protection: 11 stations, 218 men and 14 women, 91 pieces of equipment. (Class 3 fire insurance rating.)

Police Protection: 290 men and 40 women - 180 pieces of equipment.

Hospitals: Lutheran, Parkview and St. Joseph with a total of 1,545 beds. A Veteran's Administration Hospital, numerous private nursing homes and Charter Beacon Hospital are also available in the area.

Parks: 79 public parks and playgrounds covering 1,900 acres, including a zoo, floral gardens, tennis courts, swimming pools, golf courses.

Recreation: The City has 6 golf courses; 3 indoor tennis clubs; 16 bowling alleys; War Memorial Coliseum seating up to 10,000 for recreational events. Fort Wayne Komets represented in International Hockey League competition, Fort Wayne Wizards in the Midwest Class A Baseball League, Fort Wayne Fury in the Continental Basketball Association and Fort Wayne Sport Club plays in Indiana-Ohio Soccer League. Area Soap Box Derby, 15 movie theaters, 300 lakes in 50 mile radius of City.

Cultural: Arts United of Greater Fort Wayne and its various performing groups. "Community Center for the Performing Arts" located downtown. Annual Three Rivers Festival attracts thousands of spectators with over 100 historical events, displays and parades. Reconstructed 1816 "Fort" near downtown. Downtown projects include an Art Museum and Botanical Conservatory built from funds provided in large part by local charitable trusts. The City has become a major regional convention and exhibition center with the construction of the Grand Wayne Center (downtown) and the Coliseum Exhibition Center (suburban).

Voting Requirements: 18 years of age and 30 day residency requirement in state, township and precinct.

Business Data

Building Permits: Building permits issued in Fort Wayne are as follows:

	Residential		Commercial		Total	
Year	Number	Estimated Dollar Value	Number	Estimated Dollar Value	Number	Estimated Dollar Value
1993	4,703	42,354,965	977	84,456,588	5,680	126,811,553
1992	4,757	38,228,142	1,004	81,516,375	5,761	119,744,517
1991	4,807	36,219,294	911	67,352,950	5,718	103,572,244
1990	4,849	37,152,884	971	88,678,332	5,820	125,831,216
1989	4,372	55,276,984	1,087	93,863,268	5,459	149,140,252
1988	3,920	44,439,110	995	89,119,071	4,915	133,558,181

Financial: Located in Fort Wayne are the following financial institutions with total deposits and total assets as of September 30, 1993:

	Bank Deposits	Total Assets
Home Loan Savings Bank	$ 217,310,000	$ 238,792,000
Norwest Bank, N.A.	776,519,000	984,589,000
Fort Wayne National Bank	973,786,000	1,307,594,000

Hotels-Motels: 38 with more than 4,000 rooms.

Newspapers: Journal-Gazette (D) morning daily and Sunday. News-Sentinel (R) evening daily excluding Sunday. Both located at 600 West Main Street, Fort Wayne, Indiana 46802.

Manufacturers: employ approximately 51,000.

Radio & Television: Radio - WMEE, WAJI, WOWO, WGL, WEZV, WBLC, WIPU, WXKE, WFWR, WQHK, WBNI.
Television: WKJG, WANE, WPTA, WFFT, WFWA.

Retail: County retail sales over one billion dollars. Retailers are served by Downtown Fort Wayne Association, several shopping center associations, Better Business Bureau and Fort Wayne Credit Bureau.

Per Capita Income

The table below sets forth estimated per capita income figures for Allen County and the State.

	Allen County	Indiana	% of Indiana
1987	$ 15,949	$ 14,106	113.1%
1988	17,333	14,955	115.9
1989	18,324	15,968	114.8
1990	18,936	16,814	112.6
1991	19,135	17,193	111.3

Principal Industries

Principal industries in Fort Wayne are Uniroyal Goodrich Co., tires for autos and trucks; Bowmar Instruments Corp., Aerospace Division, precision electro-mechanical components; Central Soya Co., Inc., soybean meal and feeds; Dana Corporation, Spicer Axle Division, differentials and axles; Essex Group, Inc., sub. United Technology, cable products, magnet wire and electrical wire; General Electric Co., Electronic Aircraft Control Division, aircraft controls; General Motors Corporation, light-duty trucks; General Telephone Co. of Indiana, Inc.; Indiana & Michigan Electric Co.; ITT Aerospace/Optical Division, electronic equipment; Lincoln Manufacturing Co., Inc., food service equipment; Magnavox Government & Industrial Electronics Co., industrial and defense electronic equipment; Northern Indiana Public Service Co., Phelps Dodge Industries, Inc., copper and aluminum magnet wire; Power Wheels, Inc., children's toys; Rea Magnet Wire Co., Inc., copper and aluminum magnet conductors; Slater Steel, Inc., stainless steel; Tokheim Corporation, gasoline pumps and meters; Zollner Corporation, heavy duty pistons.

Major Employers

The major employers in Allen County and number of employees as of August 1993 are:

Employer	Type of Business	Number of Employees
Lincoln National Life Insurance Co.	Insurance	4,504
Fort Wayne Community Schools	Education	3,994
Parkview Memorial Hospital	Hospital	3,436
Magnavox	Electronic Equipment	3,275
General Electric	Electronic Aircraft Controls	3,250
North American Van Lines	Moving and Storage	2,900
ITT Aerospace	Electronic Equipment	2,500
Scott's Food Stores	Retail Grocer	2,300
Lutheran Hospital	Hospital	2,180
Dana Corporation Spicer Axle Division	Differentials and Axles	2,080
Uniroyal Goodrich Tire Company	Tires	2,075
General Motors Truck & Bus Group	Light Duty Trucks	2,054
GTE North Incorporated	Telephone Utility	2,000

Source of Data and Information

Statistical data and other information set forth under this "Description of the City" have been compiled by the City's financial consultant, Municipal Consultants, from sources deemed to be reliable.

DESCRIPTION OF THE SEWAGE WORKS

Management and Operations

The City of Fort Wayne operates a Sewage Works designated as the Fort Wayne Water Pollution Control Utility (WPC Utility). The operation of the WPC Utility is controlled by the Board of Public Works of the City. The members of the Board of Public Works may hold other appointive positions in the City government. The present Board members and their current City position, if any, are as follows:

	City Position
Charles E. Layton, Chairman	Director of Public Works
Katherine A. Carrier, CPA	Citizen Member
C. James Owen, Ph.D	Citizen Member

In 1992 the City Utilities (including the Electric Utility, Water Utility, Sewage Works, Stormwater Service and certain internal service operations) were reorganized under a Director of Utilities who is responsible for the day-to-day operations of all utility operations, engineering and planning. Terry Atherton was appointed Director of Utilities. He was formerly head of Water Resources for the City of Fort Wayne and has worked for the City since 1969. Mr. Atherton received his Bachelor of Science degree from Purdue University in 1970, is a Registered Land Surveyor and Registered Professional Engineer in Indiana. He has worked in various capacities for the City of Fort Wayne since May of 1969 except for a three-year period while engaged in private practice. He is a member of the American Waterworks Association, American Public Works Association and the Water Pollution Control Federation.

The Board of Public Works may enter into all contracts or agreements necessary to performing its duties. However, the Board may not obligate the City to a contract relating to the financing of construction or improvements to the Sewer Utility without the approval of the municipal legislative body, the Fort Wayne Common Council. The Fort Wayne Common Council has the authority and responsibility to establish just and equitable rates and charges for sewer services. Rates and analyses of cost of service are also subject to review by the Indiana Department of Environmental Management and the U.S. Environmental Protection Agency as a result of receiving Federal funding for past projects.

The current rates were implemented on August 1, 1992 and represented an approximately 36.7% increase in gross revenues. The current rates are primarily based on the quantity of water used. In addition the City imposes an additional charge on users whose sewage waste exceeds the "stronger than normal domestic strength" sewage waste limits, based on the applicable levels of discharges. Wholesale users are billed for services in accordance with a contract or intermunicipal agreement. The rates and charges set forth in the agreement are intended to cover the City's cost of treating and disposing of the applicable waste as well as a portion of the operation, maintenance and capital costs of the Treatment Plant.

Sewage users are billed monthly and assessed a 10% penalty on the amount due if the bill has not been paid within 17 days. The user will be disconnected if the bill becomes 60 days past due. (Delinquency notices are sent ten days prior to disconnection.) In order to collect amounts owed, the City usually takes the following steps: (1) in-house collection, (2) outside agency collection, and (3) filing of sewage lien on property.

Customer Base

The WPC Utility provides sewer service to all developed areas within the City and to certain areas outside its boundaries, including certain industrial customers outside the City limits. The WPC Utility estimates that it serves over 200,000 individuals through its own customer base and the treatment of effluent from other communities and sewer utilities. The WPC Utility's direct customers as of January 31, 1994 include:

Residential	64,360
Commercial	4,468
Industrial	381
Institutional	480
Governmental	125
Total	69,814

Rates and Charges

Rates and Charges of the WPC Utility are based upon a cost of service study which allocates costs among customer classes based on the cost of serving that class of customer. The monthly sewer use charge (based on water metering) for 1,000 cubic feet of use (7,480 gallons) is $10.28. This is among the lowest charges for municipal sewer systems in Indiana's First and Second Class Cities (Second Class Cities are those with population greater than 35,000 excluding only Indianapolis which is classified as a First Class City). Of the three Indiana cities with sewer use charges lower than Fort Wayne, two subsidize capital projects with general property taxes.

Physical Plant

The WPC Utility Plant has a design capacity of 60 million gallons per day (MGD) and consists of primary treatment with separate sludge digestion, followed by an activated sludge secondary treatment and chlorination system and a phosphorus removal system. The sewage enters the plant 32 feet below grade through a 7 foot semi-elliptical sewer.

The sewage flow is divided between two 7' wide by 60' long grit chambers equipped with electrically operated sluice gates at the inlet and hydraulically operated sluice gates at the outlet of the grit chamber. Sewage passes through 1" mechanically raked bar screens with rakings ground and returned to the sewage flow. Grit is removed by mechanical scrapers to a sump pit. It is then pumped through a cast iron pipeline to a lagoon where the grit settles out. The water is returned to the plant for treatment.

Four variable speed automatic controlled raw sewage pumps and one 10-20 MGD gas engine driven raw sewage pump with variable speed flow control provide 72 MGD total pump capacity. These pumps lift the sewage thirty-two feet from the wet well to the raw sewage channel.

The primary tanks have a total capacity of 2,210,000 gallons. Detention time at an average flow rate is 1.7 hours. Raw sludge is removed by mechanical scrapers and flows by gravity and manual controlled air lifts to a sludge pit. It is then pumped to the primary digesters.

There are nine two-bay aeration tanks having a total capacity of 17,430,000 gallons. All tanks are supplied air, discharging through coarse air diffusers which have a center-of-tank arrangement.

There are four 120′ and five 125′ diameter secondary clarifiers with peripheral feed and radial flow with a total capacity of 11,960,303 gallons. These tanks are equipped with a revolving sludge removal mechanism with all tanks having surface skimming devices. Secondary effluent flows over V notched weirs and is metered and discharged to a diversion structure where chlorine solution is applied. Activated sludge is returned to the aeration tanks by air lift pumps on all 9 tanks, plus additional centrifical pumping on four aeration tanks.

Secondary effluent is discharged to a diversion structure, clorinated and discharged to the terminal polishing ponds. The purpose of the terminal ponds is to polish the effluent from the secondary treatment plant before the wastewater is discharged to the Maumee River in accordance with the City's NPDES permit. The terminal ponds are designed for a detention time of two days at a flow of 60 MGD. Currently, there are two ponds that may be used for plant effluent with a third pond for use in treating stormwater.

Digested sludge disposal is handled by employing the shallow lagoon drying method and then removal by mechanical equipment to be given away as soil conditioner. Lagoons are located at two separate areas. The first five lagoons of approximately 200,000 cubic yards liquid capacity are 3,500 feet east of the plant. The second and newer area is two and a half miles east of the plant and has a total land area of 472 acres, 207 of which are in lagoons with a liquid capacity of 1,669,000 cubic yards.

The wastewater collection system consists of both combined and separate sanitary sewers which provide for the collection of wastewater for treatment at the plant. Certain repair and maintenance costs of the combined system are shared with the Stormwater Service of the City. The City is in the process of completing a wastewater master plan which may identify need for future plant expansion.

The Project

The WPC Plant is providing for increased efficiency and use of resources through a sludge disposal project in two Divisions as explained below.

The WPC Plant has been experiencing a greater rate of production of waste activated sludge since the employment of single-stage nitrification. Anaerobic digester capacity is decreasing and digestion efficiencies are deteriorating. While the City continues to meet its NPDES permit limits, the City needs to upgrade its existing facilities to meet requirements for the proper stabilization of sludge.

The proposed project is an enhancement of the treatment process and does not provide increased treatment plant capacity for new services. Division I of the project (Anaerobic Digester Improvements) provides for gas mixing of sludge to improve digestion and reduce maintenance, converts two digesters from secondary to primary units, provides for replacement and improvement to piping and pumping facilities, provides for code compliance for gas and ventilation safety and provides for compliance with code for underground storage tanks. Division II of the project (Sludge Thickening Facilities) provides for added digester capacity by reduction of the volume of wasted sludge and energy savings by removing water from unheated sludge. This will provide for reduced loading to the primary sedimentation and aeration units, provides for more accurate determination of raw sewage flows and provides for more efficient sludge stream monitoring. Because digestion will be more complete, the sludge sent to the lagoons or drying beds will dewater easier.

Sewage Works Statistics

Average daily flow in 1993 was 49.5 mgd and the single maximum daily flow was 70.5 million gallons. Trend flow data is presented as follows:

	1993	1991	1991
Average flow (mgd)	49.5	56.9	46.5
Maximum flow (mgd)	70.5	70.7	88.6

Largest Sewage Works Customers

Customer	1993 (ccf) Consumption	1993 Revenues	Percent of Total Revenue
New Haven Municipal	764,594	$ 785,773	5%
Dana Corp.	518,957	533,332	3
General Motors	385,825	396,512	3
Phelps Dodge	196,323	201,761	1
Utility Center, Inc.	191,784	197,096	1
Total percentage for 5 largest customers			13%

CITY DEBT AND TAXATION

Direct and Overlapping Debt
(As of January 2, 1994)

Direct Debt	Total Direct Debt	% Applicable	Amount Applicable
City of Fort Wayne			
Municipal Bonds- 1982	$ 640,000	100.0%	$ 640,000
- 1986	1,740,000	100.0	1,740,000
- 1986 (Phase II)	1,365,000	100.0	1,365,000
Economic Development Income Tax Bonds of 1993 (1)	12,500,000	100.0	12,500,000
Total City Direct Debt			16,245,000

(1) The EDIT Bonds are not payable from property taxes but are a charge against the City's 2% direct debt limitation.

Overlapping Direct Debt & Lease Obligations			
Redevelopment Commission	990,000	100.0%	990,000
Public Transportation Corp.	220,000	81.0	178,200
Fort Wayne/Allen County Airport Authority	15,415,000	53.5	8,247,025
Allen County Public Library	10,475,000	53.5	5,604,125
East Allen County School Corporation*	8,798,399	22.2	1,953,245
Southwest Allen County Schools*	62,873,313	4.3	2,703,552
Allen County	47,418,000	53.5	25,368,630
Total Overlapping Direct Debt & Lease Obligations			45,044,777
Total Direct Debt and Overlapping Direct Debt and Lease Obligations			$ 61,289,777

* Also includes Common School Loan Fund Debt

Note: The Fort Wayne Community Schools plan to issue approximately $39 million of debt in the Spring of 1994.

Direct Debt Issuance Limitation

The Civil City is limited to the issuance of direct debt not to exceed 2% of the assessed valuation of property within said Civil City.

Total Assessed Valuation - 1993/1994	$ 1,339,875,210
Statutory Limitation - 2% Thereof	26,797,504
Direct Debt of the City	16,245,000
Issuance Margin	$ 10,552,504

Per Capita & Debt Ratio Analysis

Population - 1990	184,221
Assessed Valuation (1993/94)	$ 1,339,875,210

Description	Amount	Debt Per Capita	Ratio Of Debt/Assessed Valuation
Total City Direct Debt	$ 16,245,000	$ 88.18	1.21%
Total Overlapping Direct Debt & Lease Obligations	45,044,777	244.51	3.36
Total Direct and Overlapping Debt	$ 61,289,777	$ 332.69	4.57%

City Tax Incremental Financing Bonds

The City presently has outstanding $9,445,000 Fort Wayne Redevelopment Tax Incremental Financing Bonds (TIF Bonds). These TIF Bonds are payable solely from the excess property tax revenues of certain designated Redevelopment Districts of the City and do not constitute a claim against the base property taxes collected or other income of the City. The annual availability of excess tax revenues depends on a large number of factors, many of which are outside of the control of the City, including the construction of new property in the District.

Statement of City-Owned Utility Debt

The City of Fort Wayne owns and operates water and sewage works utilities which have heretofore issued revenue bonds. These bonds constitute a lien on the revenues of said utilities and are not, pursuant to Indiana statutes, a direct obligation of the City. In addition, the City owns an electric utility which is leased to a private utility. Electric utility bonds have been issued based on the revenues from the lease. Revenue bonds issued and outstanding are as follows:

Utility	Interest Rates	Final Maturity	Bonds Outstanding
Sewage Works- 1985	8.4% - 9.625%	2005	$ 9,613,562
Sewage Works- 1993	3.1% - 5.75%	2010	6,185,000
Waterworks - 1993	3.10% - 5.50%	2006	26,415,000
Electric Utility - 1993	4.90%	2001	5,200,000

Lease of Electric Utility

Effective March 1, 1975, the City of Fort Wayne leased its Electric Utility to Indiana and Michigan Electric Company for a term of thirty-five years with an option for another fifteen years. Rental payments are due and payable in equal monthly installments in advance on the first day of each month. Rental payments made at any time within thirty days after the due date are not delinquent. Annual rentals to December 31, 1993, are as follows:

Amount	Year	Totals	Received	Future Rentals
$ 1,440,000	3/1/75 - 2/29/80	$ 7,200,000	$ 7,200,000	$ -0-
1,490,000	3/1/80 - 2/28/85	7,450,000	7,450,000	-0-
1,540,000	3/1/85 - 2/28/90	7,700,000	7,700,000	-0-
1,590,000	3/1/90 - 2/28/95	7,950,000	6,360,000	1,590,000
1,640,000	3/1/95 - 2/28/00	8,200,000	-0-	8,200,000
1,690,000	3/1/00 - 2/28/05	8,450,000	-0-	8,450,000
1,740,000	3/1/05 - 2/25/10	8,700,000	-0-	8,700,000
Totals		$ 55,650,000	$ 28,710,000	$ 26,940,000

In December 1983, the City, acting through its Electric Utility, entered into a Standby Financing Agreement with the Developer of the downtown Hilton Hotel and a Reimbursement Agreement with a letter of credit bank, the terms of which provided that if the Developers defaulted on a $10,000,000 Economic Development Bond, the City, by and through its Electric Utility, would reimburse the letter of credit bank for up to $3,000,000.

The City has become obligated to make the reimbursement required of it under the Standby Financing Agreement and the Reimbursement Agreement and has discharged said obligation through the issuance of City of Fort Wayne Electric Utility Refunding Bonds of 1987 (Bonds) in the principal amount of $3,000,000. Said Bonds are payable solely from the net revenues of the City's Electric Utility and are further secured by the pledge of certain securities held by the Fort Wayne Community Trust. The obligation is not a general obligation of the City and is not payable through tax revenues of the City. The obligation is not entitled to the City's full faith and credit. The anticipated future net revenues of the City's Electric Utility together with the pledged assets of the Fort Wayne Community Trust are expected to be sufficient to meet the obligations under said Bonds.

In September of 1993 the City issued $5,200,000 in City of Fort Wayne Limited Obligation Bonds of 1993 (Headwaters Park Project) to pay for the costs of developing a park for the City. The Bonds bear interest at 4.9% through final maturity of April 1, 2001 and are secured by Electric Utility lease payments and a letter of credit.

Prospective Debt Issues

The City anticipates the issuance of bonds during 1994 for improvements to the Fort Wayne Park District and the issuance of bonds for public safety needs including vehicles and building projects.

Total City Tax Rates (1)
(Per $100 Assessed Valuation)

Total Civil City and County Tax Rates (by year of assessment)

	1993	1992	1991	1990	1989
City-Township					
Adams	$ 10.5743	$ 10.0991	$ 9.3918	$ 9.1323	$ 8.9657
Pleasant	10.5288	9.9843	9.3563	9.0209	8.8713
St. Joseph	10.5629	10.0791	9.4182	9.0217	8.8543
Washington	10.5175	9.9675	9.3411	9.0268	8.8601
Wayne	11.0449	10.5132	10.0084	9.4203	9.1500

Analysis of Civil City and County Tax Rate

	City - Wayne Township				
State	$ .1510	$ .1497	$ .1462	$ .1321	$ .1304
County	1.6568	1.2332	1.2290	1.1765	1.1466
Township	.5471	.5651	.6891	.4110	.3057
Schools	4.7857	4.6580	4.0964	3.8920	3.7556
Airport	.0949	.0971	.0972	.0940	.0948
Library	.3982	.3931	.3830	.3296	.3304
Public Transportation	.1150	.1208	.1281	.1318	.1332
	7.7487	7.2170	6.7690	6.1670	5.8967
City					
General Fund	$ 1.5893	$ 1.6424	$ 1.4990	$ 1.4877	$ 1.6607
Police Pension	.0970	.0385	.1170	.2247	.1209
Fire Pension	.1026	.1222	.1421	.1400	.1359
Sanitary Pension	.0175	.0166	.0139	.0141	.0162
Redevelopment - General	.0145	.0123	.0141	.0090	.0102
Parks	.3468	.3766	.3673	.3532	.2897
Civil City Bonds	.3402	.3191	.3465	.3286	.3634
Fire	.7883	.7685	.7395	.6960	.6563
Total Civil City	3.2962	3.2962	3.2394	3.2533	3.2533
Total Civil City and County Tax Rate	$ 11.0449	$ 10.5132	$ 10.0084	$ 9.4203	$ 9.1500

(1) Includes Allen County and overlapping levies, payable in succeeding year. All tax rates exhibited are before deduction of 14%-16% thereof for property tax relief funds provided from State of Indiana tax sources and before deduction of homestead credits.

Record of Taxes Levied and Collected

Allen County

Collection Year	Levied	Current Collected	%	Current & Delinquent Collected	%
1988	$ 142,359,563	$ 138,713,045	97.4%	$ 143,510,499	100.8%
1989	159,104,031	156,019,933	98.1	159,705,536	100.4
1990	173,316,679	170,223,380	98.2	173,901,009	100.3
1991	188,526,505	181,168,964	96.1	186,873,677	99.1
1992	203,003,330	194,620,371	95.9	200,336,886	98.7
1993	217,600,845	210,320,738	96.7	219,955,774	101.1

Assessed Valuation

Assessed valuation of real and personal property for the City of Fort Wayne represents approximately one-third of true value and is net of exemptions.

Assessment Year	Net Assessed Valuation
1984-85	$ 759,036,540
1985-86	800,776,870
1986-87	844,575,680
1987-88	873,202,980
1988-89	904,488,570
1989-90	1,201,415,194
1990-91	1,226,220,835
1991-92	1,264,082,134
1992-93	1,301,140,183
1993-94	1,339,875,210

Assessed Valuation of Allen County for 1993-94 is $2,502,468,368 ($2,428,590,398 for 1992-1993) which does not include Tax Incremental Financing district valuation.

Largest Taxpayers

The largest payers of ad valorem taxes within Allen County are as follows:

Largest Taxpayers	Type of Business	1992-93 Assessed Valuation
General Motors	Light Duty Trucks	$ 68,921,770
General Telephone	Telephone Utility	50,057,280
Indiana Michigan Power Company	Electric Utility	38,828,150
General Electric	Electronic Aircraft Controls	30,464,440
Dana Corporation	Differentials and Axles	24,731,250
Uniroyal BF Goodrich	Tires	24,130,410
Magnavox Company	Electronic Equipment	18,098,930
Lincoln National Corporation	Insurance	17,913,080
Lake County Trust	Retail Mall (Glenbrook)	17,605,730
Northern Indiana Public Service Company	Electric Utility	16,904,540
Total		$ 307,655,580
Percent of Total County Assessed Valuation		12.7%

City Pension Plan

Civil City and City Utilities' Employees

All City employees, other than police and firemen, are covered by PERF. City contributions for 1993 were 6.62% of wages for Civil City personnel and for City Utilities' employees. The City's 1993 payments of such contributions totalled $1,686,949 including amortization of unfunded past service costs over 40 years and interest thereon. At December 31, 1992 net assets available for benefits, in the aggregate, exceeded the actuarial present value of accumulated plan benefits, based on an assumed 7 1/2% rate of return.

Police and Firemen

The City has pension plans pursuant to state statute for the benefit of police and firemen. Plans covering participants prior to 1977 are paid from current tax levies and current employee contributions of 6%. Certain pre-1977 participants, by election subject to a lump sum payment of $10,000, converted to coverage by Public Employee Retirement Fund (PERF). In either case, the City has undertaken payment only on a pay-as-you-go basis, without advance funding, paying the difference between employee contributions and required current year payments out of current tax levies.

Police and firemen employed after May 1, 1977 are covered by PERF, which plan currently requires contributions of 21% by the City and up to 6% by the employee. The City pays a portion of the employee's contribution.

Both of the foregoing classes of employment have created substantial unfunded liability for the City, as set forth hereafter. The City receives certain funds annually from the State of Indiana Pension Relief Fund, a fund to assist all Indiana cities with police and firemen pension costs. Receipts of the Fund are derived from certain state cigarette and liquor taxes. The City cannot estimate if this assistance will continue nor in what amount such funds will be available in future years.

The latest actuarial valuation of the prior to 1977 police and firemen plans was performed as of December 31, 1992. In 1993 the City contributed $2,499,565 and participants $11,257 to defray current benefits. As of December 31, 1992 the City had unfunded pension liabilities for police and firemen, net of assets available for plan benefits, based on an assumed 7% rate of return, in the amount of $204,728,231.

Sanitary Officers

During 1993 the City paid benefits to nineteen retired sanitary officers or beneficiaries in the amount of $211,547. These are former employees of the City Health Department which is now consolidated with and administrated by the Fort Wayne/Allen County Health Department. No provision is being made to fund prior service costs of these retirees. In 1993 the City contributed $203,341 and participants $8,206 to defray current benefits. As of December 31, 1992 the City had unfunded pension liabilities for sanitary officers, net of assets available for plan benefits in the amount of $5,957,404.

Sources of Data and Information

Statistical data and other information set forth under the caption "City Debt and Taxation" have been compiled by the City's financial consultant, Municipal Consultants, from sources deemed to be reliable.

APPENDIX A

REPORT ON SEWER USER FEES

FORT WAYNE MUNICIPAL SEWAGE WORKS

Fort Wayne, Indiana

Report on Sewer User Fees

February 22, 1994

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

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Municipal Consultants

2200 Market Tower
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In Partnership with
CROWE CHIZEK

February 22, 1994

Honorable Paul Helmke
Mayor of Fort Wayne
City-County Building
One Main Street
Fort Wayne, Indiana 46802

Dear Mayor Helmke:

Presented herewith is our Report on Sewer User Fees (Report) for the City of Fort Wayne's (City) Water Pollution Control Utility (Utility). The City is preparing to issue $7,000,000 in bonds for the Utility's Sludge Disposal Project. We have prepared an analysis of the financial condition of the Utility and the ability of its rates to support that bond issue.

The financial statements in this Report have been prepared from the audited financial statements of the City for the years ended December 31, 1991 and 1992. The financial statements for the year ended December 31, 1993 have been taken from the Utility's books and records without audit. The financial statements have not been "pro forma" adjusted for fixed, known or measurable changes, nor have they been adjusted for closing entries and corrections that will be identified and posted during the closing and audit process.

As you are aware, the City increased the Utility's User Fees effective August 1, 1992. The primary factors driving the rate increase were to improve the financial condition of the Utility and to provide adequate capital for extension and replacements. The Sludge Disposal Project was one of the projects specifically identified in the last rate increase as a project that was to be funded through the issuance of revenue bonds.

We have analyzed the financial statements of the Utility considering the cost of operations, extensions and replacements and the adequacy of the debt service coverage for the actual periods reported herein and with the addition of the estimated debt service on the proposed bonds and recommend no changes in Sewer User Fees at this time.

If you have any questions regarding this analysis or report please feel free to contact us.

Sincerely,

Municipal Consultants

MUNICIPAL CONSULTANTS

EXHIBIT A

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Balance Sheets
As of December 31, 1993, 1992 and 1991

	1993	1992	1991
Assets and Other Debits			
Utility Plant			
Utility Plant in Service	$175,546,612	$173,903,335	$172,841,432
Less: Accumulated Depreciation	(55,739,218)	(51,663,767)	(47,472,091)
Net Utility Plant in Service	119,807,394	122,239,568	125,369,341
Add: Construction Work in Progress	2,387,992	1,976,517	1,027,613
Net Utility Plant	122,195,386	124,216,085	126,396,954
Restricted Assets			
Replacement Fund	3,319,383	2,444,383	2,111,883
Bond and Interest Fund	1,109,534	917,508	1,014,143
Debt Service Reserve Fund	3,149,448	2,646,848	2,389,657
Total Restricted Assets	7,578,365	6,008,739	5,515,683
Current and Accrued Assets			
Operating Fund	2,756,675	1,197,184	1,022,535
Customer Accounts Receivable - Net	2,094,212	1,817,604	1,366,733
Accounts Receivable - Associated Companies	17,299	88,462	293,625
Assessments Receivable	13,729	36,978	30,278
Advancement to Electric Utility	440,000	660,000	880,000
Materials and Supplies	88,564	63,053	58,143
Prepaid Insurance	18,319	22,920	21,858
Interest Receivable	0	140,800	158,400
Total Current and Accrued Assets	5,428,798	4,027,001	3,831,572
Deferred Debits			
Unamortized Bond Discounts	938,012	837,129	935,701
Total Deferred Debits	938,012	837,129	935,701
Total Assets and Other Debits	$136,140,561	$135,088,954	$136,679,910

Subject to comments contained in the letter of transmittal.

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

EXHIBIT A
(Continued)

Balance Sheets
As of December 31, 1993, 1992 and 1991

	1993	1992	1991
Liabilities and Other Credits			
Equity Capital			
Proprietary Capital	$115,387,665	$115,170,245	$114,839,291
Retained Earnings	(5,512,589)	(6,824,843)	(6,000,863)
Total Equity Capital	109,875,076	108,345,402	108,838,428
Long-Term Debt			
Bonds Payable	15,798,562	23,122,809	24,010,489
Total Long-Term Debt	15,798,562	23,122,809	24,010,489
Current and Accrued Liabilities			
Accounts Payable	17,396	202,456	385,786
Current Portion of Bonds Payable	1,961,003	1,411,174	1,544,102
Accounts Payable - Associated Companies	189,743	536,991	534,343
Accrued Interest Payable	8,246,988	1,148,826	1,015,898
Other Current Liabilities	51,793	321,296	350,864
Total Current and Accrued Liabilities	10,466,923	3,620,743	3,830,993
Total Liabilities and Other Credits	$136,140,561	$135,088,954	$136,679,910

Subject to comments contained in the letter of transmittal.

EXHIBIT B

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Statements of Income
For the Twelve Months Ended December 31, 1993, 1992 and 1991

	1993	1992	1991
Operating Revenues:			
Charges for Goods and Services	$15,682,202	$12,911,408	$11,451,440
Operating Expenses:			
Operation and Maintenance Expenses	7,985,516	7,586,677	7,960,473
Depreciation Expense	4,361,923	4,303,199	4,308,545
Total Operating Expenses	12,347,439	11,889,876	12,269,018
Operating Income (Loss)	3,334,763	1,021,532	(817,578)
Non-Operating Revenues (Expenses):			
Interest Income	211,644	254,637	656,231
Interest Expense	(2,112,389)	(2,075,910)	(1,999,078)
Amortization of Bond Issuance Costs	(107,340)	(98,572)	(103,451)
Contribution in Lieu of Taxes	(1,083,484)	(1,083,484)	(606,375)
Total Non-Operating Revenues (Expenses)	(3,091,569)	(3,003,329)	(2,052,673)
Depreciation of Fixed Assets Acquired with Federal and State Grants:	1,200,000	1,157,817	1,177,841
Net Income (Loss)	$1,443,194	($823,980)	($1,692,410)

Subject to comments contained in the letter of transmittal.

EXHIBIT C

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Debt Service Coverage Calculations
For the Twelve Months Ended December 31, 1993, 1992 and 1991

	1993	1992	1991
Net Operating Income	$3,334,763	$1,021,532	($817,578)
Interest Income	211,644	254,637	656,231
Add-Back Depreciation	4,361,923	4,303,199	4,308,545
Less: Contributions In Lieu of Taxes	(1,083,484)	(1,083,484)	(606,375)
Net Revenues Available for Debt Service	6,824,846	4,495,884	3,540,823
Actual Debt Service	3,088,280	3,093,005	3,093,555
Coverage -$	$3,736,566	$1,402,879	$447,268
-%	220.99%	145.36%	114.46%

Estimated Debt Service Coverage Calculation
After Issuance of the Proposed Revenue Bonds of 1994

Net Revenues Available for Debt Service (1993)		$6,824,846
Debt Service on Existing Bonds (1994)	$3,593,059	
Estimated Debt Service on New Bonds (Avg.)	744,990	
Total Debt Service		4,338,049
Coverage -$		$2,486,797
-%		157.33%

SCHEDULE C-1

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Sewage Works Revenue Refunding Bonds of 1985
Amortization Schedule

Date	Principal	Interest	Period Total	Fiscal Total
02/01/94	$656,230	$623,770	$1,280,000	
08/01/94	629,773	650,227	1,280,000	$2,560,000
02/01/95	593,907	686,093	1,280,000	
08/01/95	569,421	710,579	1,280,000	2,560,000
02/01/96	540,672	739,328	1,280,000	
08/01/96	516,120	758,880	1,275,000	2,555,000
02/01/97	489,358	785,642	1,275,000	
08/01/97	268,370	1,008,571	1,276,941	2,551,941
02/01/98	254,099	1,022,842	1,276,941	
08/01/98	243,273	1,033,668	1,276,941	2,553,882
02/01/99	230,001	1,046,940	1,276,941	
08/01/99	220,095	1,056,846	1,276,941	2,553,882
02/01/2000	207,787	1,069,154	1,276,941	
08/01/2000	198,750	1,078,191	1,276,941	2,553,882
02/01/2001	258,411	1,023,529	1,281,940	
08/01/2001	268,959	1,007,610	1,276,569	2,558,509
02/01/2002	283,022	996,731	1,279,753	
08/01/2002	295,327	980,685	1,276,012	2,555,765
02/01/2003	309,390	966,197	1,275,587	
08/01/2003	325,212	953,026	1,278,238	2,553,825
02/01/2004	341,033	937,689	1,278,722	
08/01/2004	356,854	920,187	1,277,041	2,555,763
02/01/2005	372,675	900,519	1,273,194	
08/01/2005	1,184,825	2,347,357	3,532,182	4,805,376
Totals	$9,613,564	$23,304,261	$32,917,825	

SCHEDULE C-2

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Sewage Works Junior Refunding Revenue Bonds of 1993
Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
02/01/94			$204,605	$204,605	
08/01/94	$675,000	3.10%	153,454	828,454	$1,033,059
02/01/95			142,991	142,991	
08/01/95	215,000	3.60%	142,991	357,991	500,982
02/01/96			139,121	139,121	
08/01/96	225,000	4.05%	139,121	364,121	503,242
02/01/97			134,565	134,565	
08/01/97	235,000	4.30%	134,565	369,565	504,130
02/01/98			129,513	129,513	
08/01/98	245,000	4.55%	129,513	374,513	504,026
02/01/99			123,939	123,939	
08/01/99	260,000	4.75%	123,939	383,939	507,878
02/01/2000			117,764	117,764	
08/01/2000	280,000	4.90%	117,764	397,764	515,528
02/01/2001			110,904	110,904	
08/01/2001	290,000	5.00%	110,904	400,904	511,808
02/01/2002			103,654	103,654	
08/01/2002	315,000	5.10%	103,654	418,654	522,308
02/01/2003			95,621	95,621	
08/01/2003	335,000	5.20%	95,621	430,621	526,242
02/01/2004			86,911	86,911	
08/01/2004	355,000	5.30%	86,911	441,911	528,822
02/01/2005			77,504	77,504	
08/01/2005	375,000	5.40%	77,504	452,504	530,008
02/01/2006			67,379	67,379	
08/01/2006	400,000	5.50%	67,379	467,379	534,758
02/01/2007			56,379	56,379	
08/01/2007	425,000	5.60%	56,379	481,379	537,758
02/01/2008			44,479	44,479	
08/01/2008	455,000	5.65%	44,479	499,479	543,958
02/01/2009			31,625	31,625	
08/01/2009	490,000	5.75%	31,625	521,625	553,250
02/01/2010			17,538	17,538	
08/01/2010	610,000	5.75%	17,538	627,538	645,076
Totals	$6,185,000		$3,317,833	$9,502,833	

SCHEDULE C-3

FORT WAYNE MUNICIPAL SEWAGE WORKS
Fort Wayne, Indiana

Sewage Works Junior Revenue Bonds of 1994
Estimated Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
08/01/94	$120,000	7.00%	$204,167	$324,167	$324,167
02/01/95			240,800	240,800	
08/01/95	325,000	7.00%	240,800	565,800	806,600
02/01/96			229,425	229,425	
08/01/96	340,000	7.00%	229,425	569,425	798,850
02/01/97			217,525	217,525	
08/01/97	350,000	7.00%	217,525	567,525	785,050
02/01/98			205,275	205,275	
08/01/98	365,000	7.00%	205,275	570,275	775,550
02/01/99			192,500	192,500	
08/01/99	385,000	7.00%	192,500	577,500	770,000
02/01/2000			179,025	179,025	
08/01/2000	400,000	7.00%	179,025	579,025	758,050
02/01/2001			165,025	165,025	
08/01/2001	425,000	7.00%	165,025	590,025	755,050
02/01/2002			150,150	150,150	
08/01/2002	445,000	7.00%	150,150	595,150	745,300
02/01/2003			134,575	134,575	
08/01/2003	465,000	7.00%	134,575	599,575	734,150
02/01/2004			118,300	118,300	
08/01/2004	490,000	7.00%	118,300	608,300	726,600
02/01/2005			101,150	101,150	
08/01/2005	515,000	7.00%	101,150	616,150	717,300
02/01/2006			83,125	83,125	
08/01/2006	545,000	7.00%	83,125	628,125	711,250
02/01/2007			64,050	64,050	
08/01/2007	575,000	7.00%	64,050	639,050	703,100
02/01/2008			43,925	43,925	
08/01/2008	610,000	7.00%	43,925	653,925	697,850
02/01/2009			22,575	22,575	
08/01/2009	645,000	7.00%	22,575	667,575	690,150
Totals	$7,000,000		$4,499,017	$11,499,017	

The average annual debt service after 1994 is equal to $744,990.

APPENDIX B

ORDINANCE NO. S-08-94

SPECIAL ORDINANCE NO. S-08-94

AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne, Indiana (the "*City*") has established, constructed and financed sewage works, and now owns and operates said sewage works pursuant to I.C. 36-9-23 (the "*Sewer Act*"), and other applicable laws; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1970 ("the *1970 Bonds*"), maturing on August 1 in the years 1994 to 1995, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "*1975 Bonds*"), maturing on August 1 in the years 1994 to 1997, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "*1982A Bonds*") maturing on August 1 in the years 1996 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds and the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "*1982B Bonds*") maturing on August 1 in the years 1994 to 1998, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1970 Bonds, the 1975 Bonds and the 1982A Bonds (collectively, with the 1982B Bonds, the "*Refunded Bonds*"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (the "*1985 Refunding Bonds*"), authorized by Ordinance No. D-218-85 (the "*1985 Ordinance*") maturing on February 1 and August 1 of each year from 1994 through 2000, inclusive, and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Junior Refunding Revenue Bonds of 1993 (the "*1993 Bonds*") in the amount of Six Million One Hundred Eighty-Five Thousand Dollars ($6,185,000) maturing on August 1 of each year from 1994 through 2008, inclusive, and on August 1, 2010, and also subject to mandatory sinking fund redemption on August 1, 2009, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Refunded Bonds and the 1985 Refunding Bonds; and

WHEREAS, the Common Council of the City of Fort Wayne deems it advisable to issue the revenue bonds authorized by this Ordinance as "City of Fort Wayne, Indiana, Sewage Works Junior Revenue Bonds of 1994" in original principal amount not to exceed Seven Million Dollars ($7,000,000) (the "*1994 Bonds*") for the

purpose of providing funds for the payment of costs of improvements to the sewage works as described more fully herein (the "*Project*"), and related and incidental expenses in connection therewith and on account of the issuance of the bonds; and

WHEREAS, the Board of Public Works has employed Howard Needles Tammen & Bergendoff as consulting engineers for the Project (the "*Engineer*"), and the Engineer has prepared plans and specifications (which, as the same may be amended, supplemented or modified, are herein referred to as the "*Plans*"); and

WHEREAS, there is no encumbrance or lien of any kind whatsoever upon the revenues hereby pledged to the payment of the 1994 Bonds, other than the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, and such revenues are not pledged or assigned for any other purpose whatsoever; and

WHEREAS, the 1985 Ordinance allows for the issuance of bonds payable from revenues of the City's sewage works which are junior and subordinate to the 1985 Refunding Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 1994 Bonds have been complied with in accordance with the provisions of the Sewer Act and other applicable laws, as amended (collectively, the "*Act*").

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. Authorization for Bonds. In order to finance the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds, the City shall issue the 1994 Bonds as herein authorized. The actions of the Board of Public Works taken in connection with the Project are hereby approved, ratified and confirmed. The Project, as set forth in the Plans, is generally described on Exhibit A. The cost of the Project, as estimated by the Engineer in accord with bids for the work, is $6,053,230, plus costs incidental thereto and on account of the issuance of the 1994 Bonds. The Project is hereby authorized, directed and ordered to proceed substantially in accordance with the Plans. The terms "*sewage works*," "*works*," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the City's sewage utility.

SECTION 2. General Terms of Bonds. The City shall issue its sewage works junior revenue bonds in an amount not to exceed Seven Million Dollars ($7,000,000), to be designated "Sewage Works Junior Revenue Bonds of 1994," for the purpose of procuring funds to apply to the costs of the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Such 1994 Bonds shall be signed in the name of the City by the manual or facsimile signatures of the Mayor of the City (the "*Mayor*") and Controller of the City (the "*Controller*") and attested by the manual or facsimile signature of the Clerk of the City (the "*Clerk*"), who shall affix the seal of the City to each of the 1994 Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature appears on the 1994 Bonds shall cease to be such officer before the delivery of such 1994 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The 1994 Bonds shall also be authenticated by the manual signature of the Registrar (as defined below).

The 1994 Bonds shall be sold at a price not less than 99% of the par value thereof, shall be issued in fully registered form in denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof, shall be numbered consecutively from 1 up, shall

be originally dated as of the first day of the month in which the 1994 Bonds are sold or as otherwise determined by the Controller, and shall bear interest at a rate or rates not exceeding seven percent (7%) per annum (the exact rate or rates to be determined by bidding) payable on the first (1st) day of February and August in each year, beginning on August 1, 1994. The 1994 Bonds shall mature serially on August 1 in the years and substantially in accord with the schedule set forth on Exhibit B, with such changes thereto as are approved by the Controller.

All payments of interest on the 1994 Bonds shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owners thereof as of the fifteenth day of the month preceding the interest payment date at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent (as defined below) in writing by such registered owner. All principal payments and premium, if any, on the 1994 Bonds shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the date of such payment shall be legal tender for the payment of public and private debts.

Interest on the 1994 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 1994 Bonds are authenticated after the fifteenth (15th) day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the fifteenth (15th) day of the month immediately preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

The 1994 Bonds and any bonds ranking on a parity therewith, as to principal, premium and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues, herein defined as the gross revenues of the sewage works after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "*net revenues*"), of the sewage works of the City, which bonds constitute a third charge on said net revenues on a parity with the 1993 Bonds, and which are junior and subordinate to the Refunded Bonds and the 1985 Refunding Bonds. The City shall not be obligated to pay said bonds or the interest or premium, if any, thereon except from the net revenues of the works, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, and said bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Any 1994 Bonds issued under this Ordinance may be initially issued in temporary form exchangeable for definitive bonds. The temporary bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Controller, shall be in fully registered form and may contain such reference to any of the provisions of this Ordinance as may be appropriate. If temporary bonds are issued, definitive bonds will be executed and furnished without delay and thereupon the temporary bonds shall be surrendered for cancellation at the principal corporate trust office of the Registrar and the Registrar shall deliver in exchange for such temporary bonds an equal aggregate principal amount of definitive bonds of the same interest rates and maturities. Until so exchanged, the temporary bonds shall be entitled to the same benefits under this Ordinance as definitive bonds issued hereunder.

Each 1994 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose by the Registrar,

by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such 1994 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent may treat and consider the persons in whose name such 1994 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest and premium, if any, due thereon.

In the event any 1994 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1994 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1994 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1994 Bonds issued hereunder.

SECTION 3. Terms of Redemption. The 1994 Bonds maturing on or after August 1, 2004 are redeemable prior to maturity at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner as shown on the registration record of the City not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by the owners of 1994 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1994 Bond shall not affect the validity of any proceedings for the redemption of any other 1994 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1994 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1994 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1994 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1994 Bonds which have been redeemed shall be cancelled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1994 Bond without charge to the holder thereof.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of, the 1994 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made by the Paying Agent upon any 1994 Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

SECTION 4. Appointment of Registrar and Paying Agent. Fort Wayne National Bank, in Fort Wayne, Indiana is hereby appointed to serve as registrar and paying agent for the 1994 Bonds ("*Registrar*" or "*Paying Agent*"). The Registrar is hereby charged with the responsibility of authenticating the 1994 Bonds, and shall keep and maintain at its principal corporate trust office books for the registration and transfer of the 1994 Bonds. The Mayor is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and Paying Agent. The Controller is authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid as fiscal agency charges from the Sewage Works Sinking Fund described herein to pay the principal of and interest on the 1994 Bonds.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent by giving thirty (30) days written notice to the City and by first-class mail to each registered owner of the 1994 Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Such notice to the City may be served personally or be sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the 1994 Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the 1994 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 1994 Bonds and cash in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

SECTION 5. Form of Bonds; Book-Entry Bonds. The form and tenor of the 1994 Bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF ALLEN

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE BOND OF 1994

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

Registered Owner:

Principal Sum:

The City of Fort Wayne, in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond is subject to and is called for redemption prior to maturity as hereinafter provided), and to pay interest thereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case interest shall be paid from such interest payment date, or unless this bond is authenticated on or before July 15, 1994 in which case it shall bear interest from the Original Date, which interest is payable semi-annually on the first day of February and August of each year, beginning on August 1, 1994.

The principal of this bond is payable at the principal corporate trust office of Fort Wayne National Bank, (the "Registrar" or "Paying Agent"), in Fort Wayne, Indiana. All payments of interest on this bond shall be paid by check or draft mailed one business day prior to the interest payment date to the registered owner hereof as of the fifteenth day of the month preceding the interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments of principal of this bond shall be made upon surrender thereof at the principal corporate trust office of the Paying Agent in any coin or currency of the United States of America which on the dates of such payment shall be legal tender for the payment of public and private debts.

This bond shall not constitute an indebtedness of the City of Fort Wayne within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this bond or the interest thereon except from the special fund provided from the net revenues of the City's sewage works utility.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signatures of the Mayor and Controller, its corporate seal to be

hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its City Clerk.

CITY OF FORT WAYNE, INDIANA

(SEAL OF CITY) By _____
Mayor

By _____
Controller

ATTEST:

_____
City Clerk

(Form of Registrar's Certificate of Authentication)

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

_____,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, of like original date, tenor and effect, except as to denomination, numbering, interest rates, redemption terms and dates of maturity, in the total amount of _____ Dollars ($_____), numbered from 1 up, issued for the purpose of providing funds to be applied to the costs of improvements to the City's sewage works and to pay related and incidental expenses, as authorized by Ordinance No. _____ adopted by the Common Council of the City of Fort Wayne on the _____ day of _____, 1994, entitled "AN ORDINANCE concerning the construction of improvements to the sewage works of the City of Fort Wayne, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and in strict compliance with the provisions of I.C. 36-9-23 and other applicable laws, as amended (collectively, the "Act").

Pursuant to the provisions of the Act and said Ordinance, the principal of and interest on this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund to be provided from the net revenues (defined as the gross revenues of the sewage works of the City after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes). This bond and the issue of which it is a part, together

with any parity bonds hereafter issued, constitute a third charge against said net revenues on a parity with the City's Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds") junior and subordinate to the City's 1985 Sewage Works Revenue Refunding Bonds (the "1985 Refunding Bonds"), which 1985 Refunding Bonds are junior to prior bonds which were refunded with proceeds of the 1985 Refunding Bonds (the "Refunded Bonds"), which Refunded Bonds constitute a first charge against said net revenues, all as more fully described in the Ordinance.

The City of Fort Wayne irrevocably pledges the entire net revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the 1993 Bonds, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works and for the payment of the sums required to be paid into said Sewage Works Sinking Fund under the provisions of the Ordinance. In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for under Indiana law, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

The City of Fort Wayne further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the net revenues of said works to (a) pay the principal and interest payments on all bonds payable from the net revenues of the sewage works, as such principal and interest shall fall due, and (b) pay the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance.

The bonds of this issue maturing on or after August 1, 2004 are redeemable at the option of the City on August 1, 2003 or any date thereafter, on thirty (30) days' notice, in whole or in part, in any order of maturities selected by the City and by lot within a maturity, at 100% of face value, but without premium, plus accrued interest to the date fixed for redemption.

Notice of such redemption shall be mailed by first-class mail or by registered or certified mail not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption to the address of the Registered Owner as shown on the registration record of the City except to the extent such redemption notice is waived by the owners of the bond or bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any bond shall not affect the validity of any proceedings for the redemption of any other bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by

the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another financial institution approved by the City, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust with said financial institution for payment and the City shall have no further obligation or liability in respect thereto.

This bond is subject to defeasance prior to payment as provided in the Ordinance and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance. .

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Please Print or Typewrite Name and Address) $_____ _____ principal amount (must be a multiple of $5,000) of the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

(End of Bond Form)

The 1994 Bonds shall initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "*Clearing Agency*"), without physical distribution of bonds to the public. One definitive 1994 Bond of each maturity shall be delivered to the Clearing Agency and held in its custody. The City and the Registrar and Paying Agent may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1994 Bonds as are necessary or appropriate to accomplish or recognize such book-entry form 1994 Bonds.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, then (1) any such 1994 Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such 1994 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1994 Bond for all purposes of this Ordinance, including, without limitation, receiving payment of the principal of, premium, if any, and interest on such 1994 Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1994 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1994 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of, premium, if any, or interest on any 1994 Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1994 Bond called for partial redemption prior to receiving payment so long as the Registrar and the Clearing Agency have agreed to the method for noting such partial redemption.

If the City receives notice from the Clearing Agency which is currently the registered owner of the 1994 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1994 Bonds or the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1994 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1994 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1994 Bonds and to transfer the ownership of each of the 1994 Bonds to such person or persons, including any other Clearing Agency, as the holders of the 1994 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1994 Bonds, shall be paid by the City.

So long as the 1994 Bonds remain and are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of 1994 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a 1994 Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1994 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

So long as the 1994 Bonds remain and are held in book-entry form on the books of The Depository Trust Company, the provisions of its standard form of Letter of Representations, if executed in connection with the issuance of the 1994 Bonds, as amended and supplemented, or any successor agreement shall control on the matters set forth herein. The Registrar, by accepting the duties of Registrar under this Ordinance, agrees that it will undertake the duties of "Agent" set forth therein and that those duties to be undertaken by either the "Agent" or the "Issuer" in paragraphs 2, 3, 4 and 12 thereof shall be the responsibility of the Registrar. Further, so long as the 1994 Bonds remain and are held in book-entry form, the provisions of Section 5 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

SECTION 6. Sale of Bonds. The Controller shall cause to be published a notice of sale once each week for two consecutive weeks per I.C. § 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 1994 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary.

All bids for the 1994 Bonds shall be sealed and shall be presented to the Controller in accord with the terms set forth in the bond sale notice. Bidders for the 1994 Bonds shall be required to name the rate or rates of interest which the 1994 Bonds are to bear, which shall be the same for all 1994 Bonds maturing on the same date and the interest rate bid on any maturity of 1994 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding seven percent (7%) per annum, and such interest rate or rates shall be in multiples of one-eighth or one-twentieth of one percent. The Controller shall award the 1994 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 1994 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than ninety-nine percent (99%) of the par value of the 1994 Bonds and accrued interest shall be considered. The Controller may require that all bids shall be accompanied by certified or cashier's checks payable to the order of the City of Fort Wayne, Indiana, or a surety bond, in an amount not to exceed one percent of the aggregate principal amount of the 1994 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without readvertisement; provided, however, that if said sale be continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for sale in the bond sale

notice. The Controller shall have full right to reject any and all bids.

After the 1994 Bonds have been properly sold and executed, the Controller shall receive from the purchasers payment for the 1994 Bonds and shall provide for delivery of the 1994 Bonds to the purchasers.

The Controller is hereby authorized and directed to have the 1994 Bonds prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to execute the 1994 Bonds in substantially the form and the manner herein provided. The Controller is hereby authorized and directed to deliver the 1994 Bonds to the purchaser; thereupon, the Controller shall be authorized to receive from the purchaser the purchase price and take the purchaser's receipt for the 1994 Bonds. The amount to be collected by the Controller shall be the full amount which the purchaser has agreed to pay therefor, which shall be not less than 99% of the face value of the 1994 Bonds plus accrued interest to the date of delivery.

The 1994 Bonds, when fully paid for and delivered to the purchasers, shall be the binding special revenue obligations of the City, payable out of the net revenues of the City's sewage works to be set aside into the Sinking Fund as herein provided.

The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1994 Bonds, will be furnished to the purchasers at the expense of the City.

SECTION 7. Use of Bond Proceeds. Any accrued interest and premium received at the time of delivery of the 1994 Bonds will be deposited to the Sinking Fund described below and applied to payments on the 1994 Bonds on the first interest payment date. The amount described in Section 9 below shall be deposited to the Sewage Works Reserve Account, from the proceeds received from the sale of the 1994 Bonds, to satisfy the Sewage Works Reserve Requirement. The remaining proceeds received from the sale of the 1994 Bonds shall be deposited in the "Fort Wayne Sewage Works 1994 Bond Construction Fund" (the "*Construction Fund*"). The proceeds deposited in the Construction Fund shall be expended only for the purpose of paying expenses incurred in connection with the Project and related and incidental expenses in connection therewith and on account of the issuance of the 1994 Bonds. Any balance remaining in the Construction Fund after completion of the Project which is not required to meet unpaid obligations incurred in connection therewith and on account of the issuance of the 1994 Bonds may be used to pay debt service on the 1994 Bonds or otherwise used as permitted by law. In the event any proceeds remain after all such payments have been made, such proceeds shall be transferred to the Sinking Fund described below.

SECTION 8. Collection of Revenues; Funding Operation, Repair and Maintenance. All revenues received on account of the sewage works shall be segregated and kept in a special fund separate and apart from all other funds of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. Payments in lieu of taxes shall be made not more frequently than semiannually on June 30 and December 31 and may be made only if the amounts required to be held as of such dates in the Sinking Fund pursuant to Section 9 are so held.

SECTION 9. Sinking Fund for Bonds. The special fund designated "Sewage Works Sinking Fund" created by Ordinance No. 1939, adopted on July 26, 1938 (the "*Sinking Fund*" or" *Sewage Works Sinking Fund*"), and continued for the payment of the Refunded Bonds, the 1985 Refunding Bonds and the 1993 Bonds, is hereby continued and designated as the special fund for the payment of the

interest on and principal of the 1994 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1994 Bonds and interest thereon. The special account within the Sinking Fund designated as the "1993 Sewage Works Reserve Account" created by Special Ordinance No. S-42-93, adopted on May 18, 1993, is hereby redesignated as the "1993/1994 Sewage Works Reserve Account" (the "*Sewage Works Reserve Account*"), which Account is hereby continued as a debt service reserve for the 1993 Bonds, and is constituted as a debt service reserve for the 1994 Bonds and any bond subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "*1985 Reserve*"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charges for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts so required to be paid into the Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement as defined below. The term "*net revenues*" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sinking Fund, all of the net revenues of the sewage works not used in making said required payments shall be set aside and paid into the Sinking Fund monthly, as available, until there has been accumulated in the Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sinking Fund to the extent necessary to maintain such levels.

The Sewage Works Reserve Account will be held as a debt service reserve for the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds and credited to the City's obligation to accumulate net revenues in the Sinking Fund in addition to the required monthly payments or as a margin of safety with respect to such bonds. There shall be held in said Sewage Works Reserve Account an amount which equals the following with respect to the 1993 Bonds, the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds (the

"*Sewage Works Reserve Requirement*"): the lesser of 10% of the proceeds thereof, the maximum annual principal and interest requirements thereon, or 125% of the average annual principal and interest requirements thereon. The Sewage Works Reserve Requirement is hereby determined to be reasonable. All money in the Sewage Works Reserve Account shall be used and withdrawn by the City solely for the purpose of making payment on the 1993 Bonds and the 1994 Bonds and any additional bonds subsequently issued on a parity with the 1993 Bonds or the 1994 Bonds to the extent that available moneys in the Sinking Fund are insufficient for such purpose, or to make the final payments on such bonds when money in the Sewage Works Reserve Account, together with other money held in the Sinking Fund, is sufficient to make all remaining payments to final maturity, provided, notwithstanding the foregoing, amounts in the Sewage Works Reserve Account in excess of the Sewage Works Reserve Requirement may be transferred from time to time to the Sewage Works Operation and Maintenance Fund or, if such fund is funded in accordance with Section 10 hereof, to the Sewage Works Replacement Fund. If amounts on deposit in the Sewage Works Reserve Account shall, at any time, be less than the Sewage Works Reserve Requirement, such deficiency shall be made up over a twelve (12) month period, after required monthly deposits to the Sinking Fund and after making any required payments under the 1985 Ordinance to make up any deficiency in the 1985 Reserve, to restore the balance of the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement.

Any excess revenues of the sewage works available after making the deposits required by Sections 8 and 9 above may be used to provide or restore any debt service reserve account established to secure junior bonds as contemplated by Section 16(d).

In no event shall any part of the Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sinking Fund (other than the Sewage Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

If the City shall, for any reason, fail to pay into the Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any, shall be placed in the Sinking Fund.

SECTION 10. Funding Improvements to the Works. In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective sums required by Section 9, and there has been accumulated an amount in a separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "*Sewage*

Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Replacement Fund and hereby continued (the "*Sewage Works Replacement Fund*"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

SECTION 11. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

SECTION 12. Books and Records. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, all disbursements made therefrom on account of the operation of the works and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works, including the amounts set aside or credited to the Sinking Fund, the Sewage Works Operation and Maintenance Fund and the Sewage Works Replacement Fund, and the cash balances in each of said funds and accounts described herein as of the close of the preceding fiscal year. Upon written request, there shall be prepared and furnished to the original purchasers of the 1994 Bonds and to any subsequent owner of the bonds at the time then outstanding, not more than four (4) months after the close of each fiscal year, operating income and expense and balance sheet statements of the works, covering the preceding fiscal year, which

annual statements shall be certified by the Controller, or the person charged with the duty of auditing the books and records relating to the works, or such statements may be prepared by an independent certified public accountant retained by the City for the purpose of preparing such statements. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of the 1994 Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

SECTION 13. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Sewer Act and this Ordinance; and that such rates or charges shall be sufficient in each year to produce net revenues, as defined in Section 9 of this Ordinance, equal to 1.1 times the greater of the average annual debt service on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith or the debt service payable during the next succeeding twelve calendar months on the 1985 Refunding Bonds, the 1993 Bonds, the 1994 Bonds and all bonds on a parity therewith. For these purposes, the interest rate on variable rate debt shall be assumed to be the average interest rate thereon in the preceding calendar year. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, depreciation and the requirements of the Sewage Works Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid semi-annually by the City or the various departments thereof as the charges accrue.

SECTION 14. Defeasance. If, when the 1994 Bonds or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1994 Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest so due and payable upon all of such bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, and to the extent permitted by Indiana law, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service (or any combination thereof), the principal of and the interest on which when due without reinvestment will provide sufficient moneys, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1994 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the City's sewage works.

SECTION 15. Additional Bonds. The City reserves the right to authorize and issue additional bonds, payable out of the

revenues of its sewage works, ranking on a parity with the 1994 Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to provide for a complete or partial refunding of bonds payable out of the revenues of the sewage works, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the parity bonds or other funds of the City.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Reserve Account shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City, and furthermore, the ordinance authorizing the proposed additional parity bonds must include a provision requiring the City to build the balance in the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement for the proposed additional parity bonds, unless the Sewage Works Reserve Account is fully funded as of the time of issuance of the additional parity bonds, from available net revenues within twelve (12) months from substantially equal monthly deposits after required monthly deposits to the Sinking Fund.

(c) The net operating revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the 1994 Bonds shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased or the service area or customer base shall be expanded sufficiently so that said increased rates and charges and/or volume applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1994 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, annual interest and principal requirements of a series of bonds may be reduced in inverse order of maturity for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or independent financial advisor employed by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semiannually on February 1 and August 1 during the periods in which principal and interest are payable, and, if the additional parity bonds are issued as capital appreciation bonds, the amount payable at maturity thereof shall be payable on February 1 and/or August 1

during the periods in which such maturity amounts are payable.

(e) Additional parity bonds issued as variable rate debt must be assumed to bear the maximum interest rate thereon for the purpose of certifying satisfaction of the 120% condition set forth above, and a maximum rate must be set for any such variable rate additional parity bonds. Furthermore, any put feature associated with such variable rate debt must be covered by remarketing proceeds or a liquidity facility issued by a provider which is rated in one of the two highest short-term rating categories of Moody's Investors Service or Standard & Poors Corporation.

SECTION 16. Additional Covenants of the City. For the purpose of further safeguarding the interests of the holders of the 1994 Bonds, it is specifically provided as follows:

(a) The City shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1994 Bonds are outstanding, the City shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. In addition to or in lieu of the foregoing, the City may provide for coverage on all or part of the works comparable to that described above through a self-insurance program. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged; or if not used for that purpose shall be treated and applied as net revenues of the works.

(c) So long as any of the 1994 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replaced equipment which may become worn out or obsolete or other property not required for proper operation and maintenance of the works.

(d) Except as provided in Section 15 hereof, so long as any of the 1994 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the 1994 Bonds, unless all of the 1994 Bonds are redeemed, retired or defeased coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with the sewage works.

(f) This Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of any 1994 Bonds, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so

long as any of said bonds or the interest thereon remain unpaid.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the 1994 Bonds for the uses and purposes herein set forth. The provisions of this Ordinance shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sinking Fund and for the uses and purposes of said Fund as set forth in this Ordinance. The owners of the 1994 Bonds shall have all of the rights, remedies and privileges set forth under the Act in the event of default in the payment of the principal of or interest on any of the 1994 Bonds or in the event of default with respect to any of the provisions of this Ordinance or the Act, subject to the rights of the holders of the Refunded Bonds and the 1985 Refunding Bonds.

SECTION 17. Tax Covenants. In order to preserve the exclusion of interest on the 1994 Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the 1994 Bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use proceeds of the 1994 Bonds or property financed by the 1994 Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1994 Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract, or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No 1994 Bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No 1994 Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a non-governmental person in any manner that would in substance constitute a loan of the 1994 Bond proceeds.

(c) The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the 1994 Bonds (the "*Code*"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on 1994 Bond proceeds or other monies treated as 1994 Bond proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment income on funds and accounts, in trust for such purposes.

(d) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(e) The City will not make any investment or do any other act or thing during the period that any 1994 Bond is outstanding hereunder which would cause any 1994 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the 1994 Bonds.

The City will not take any action or fail to take any action with respect to the 1994 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 1994 Bonds pursuant to Section 103(a) of the Code, and the City will not act in any manner which would adversely affect such exclusion.

Notwithstanding any other provisions of this Ordinance, the foregoing covenants and authorizations (the "*Tax Sections*") which are designed to preserve the exclusion of interest on the 1994 Bonds from gross income under federal income tax law (the "*Tax Exemption*") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 18. Amendments. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest or premium, if any, on any 1994 Bond or an advancement of the earliest redemption date on any 1994 Bond; or

(b) A reduction in the principal amount of any 1994 Bond or the redemption premium or the rate of interest thereon, or a change in the monetary medium in which such amounts are payable; or

(c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or

(d) A preference or priority of any 1994 Bond or Bonds over any other 1994 Bond or Bonds; or

(e) A reduction in the aggregate principal amount of the 1994 Bonds required for consent to such supplemental ordinance.

If the City shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the 1994 Bonds. The Registrar shall not, however, be subject to any liability to any owners of the 1994 Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the City shall receive any instrument or instruments purporting to be executed by the owners of the 1994 Bonds of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 1994 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice, and shall specifically consent to and approve the adoption thereof in

substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the City may adopt such supplemental ordinance in substantially such form, without liability or responsibility to any owners of the 1994 Bonds, whether or not such owners shall have consented thereto.

No owner of any 1994 Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of 1994 Bonds then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the 1994 Bonds, and the terms and provisions of the 1994 Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 1994 Bonds then outstanding.

Without notice to or consent of the owners of the 1994 Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance; or

(b) to grant to or confer upon the owners of the 1994 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1994 Bonds; or

(c) to procure a rating on the 1994 Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the 1994 Bonds; or

(d) to make any other change which is not to the prejudice of the owners of the 1994 Bonds; or

(e) to provide for the refunding or advance refunding of the 1994 Bonds.

SECTION 19. Defaults. In the event available moneys hereunder, subject to the restrictions on use of money held under this Ordinance as set forth herein, and other monies available for such purpose are insufficient to pay debt service on all bonds payable from the revenues of the sewage works when due, available moneys shall be applied, after payment of all costs and expenses associated therewith, to the 1993 Bonds, 1994 Bonds and any additional bonds issued in accord with Section 15 hereof (together, "*Parity Bonds*"), subject to any rights of the holders of the Refunded Bonds and the 1985 Bonds, as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate

borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any 1994 Bond or other Parity Bond, and during any time that the amount held in the Sewage Works Reserve Account is less than the Sewage Works Reserve Requirement, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 16(d) hereof ("*Junior Bonds*"). Moneys available for payment to holders of Junior Bonds shall, in the event of an insufficient amount being available to pay all debt service with respect to the Junior Bonds when due, be applied to the Junior Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding Parity Bonds unless otherwise provided in the ordinance authorizing the Junior Bonds.

SECTION 20. Approval of Official Statement. The distribution of the preliminary official statement with respect to the 1994 Bonds, substantially in the form presented to this meeting, with such changes and modifications as may be authorized by the Mayor, as evidenced by his signature thereon, is hereby authorized, approved and ratified, and this Council hereby deems final said official statement, as of its date, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion as permitted by said Rule, and the Common Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended in the form of a final official statement.

SECTION 21. No Conflict. All ordinances, resolutions, and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed. After the issuance of the 1994 Bonds authorized by this Ordinance and so long as any of the 1994 Bonds or interest thereon remains unpaid, except as expressly provided herein, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the holders of the 1994 Bonds, nor shall the City adopt any law, ordinance or resolution which in any way adversely affects the rights of such holders.

SECTION 22. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 23. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are

typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 24. Effectiveness. This Ordinance shall be in full force and effect from and after its passage. Upon payment in full of the principal and interest respecting the 1994 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with Section 14, all pledges, covenants and other rights granted by this Ordinance shall cease.

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana as Special Ordinance No. S-08-94 on the 22nd day of February, 1994.

/s/ Thomas C. Henry
Presiding Officer

ATTEST:

/s/ Sandra E. Kennedy
Sandra E. Kennedy, City Clerk

EXHIBIT A

Project Description

The City of Fort Wayne operates a Sewage Works designated as the Fort Wayne Water Pollution Control Utility (WPC Utility). The WPC Utility Plant is providing for increased efficiency and use of resources through a sludge disposal project in two Divisions as explained below.

The WPC Utility Plant has been experiencing a greater rate of production of waste activated sludge since the employment of single-stage nitrification. Anaerobic digester capacity is decreasing and digestion efficiencies are deteriorating. While the City continues to meet its NPDES permit limits, the City needs to upgrade its existing facilities to meet requirements for the proper stabilization of sludge.

The proposed project is an enhancement of the treatment process and does not provide increased treatment plant capacity for new services. Division I of the project (Anaerobic Digester Improvements) provides for gas mixing of sludge to improve digestion and reduce maintenance, converts two digesters from secondary to primary units, provides for replacement and improvement to piping and pumping facilities, provides for code compliance for gas and ventilation safety and provides for compliance with code for underground storage tanks. Division II of the project (Sludge Thickening Facilities) provides for added digester capacity by reduction of the volume of wasted sludge and energy savings by removing water from unheated sludge. This will provide for reduced loading to the primary sedimentation and aeration units, provides for more accurate determination of raw sewage flows and provides for more efficient sludge stream monitoring. Because digestion will be more complete, the sludge sent to the lagoons or drying beds will dewater easier.

EXHIBIT B

Maturity Schedule

Year	Amount	Year	Amount
1994	$ 120,000	2002	$ 445,000
1995	325,000	2003	465,000
1996	340,000	2004	490,000
1997	350,000	2005	515,000
1998	365,000	2006	545,000
1999	385,000	2007	575,000
2000	400,000	2008	610,000
2001	425,000	2009	645,000

At the option of the successful bidder, all or a portion of the Bonds may be aggregated into one or more term bonds. Any term bond will be subject to mandatory sinking fund redemption, with sinking fund redemption payments corresponding to the principal amounts shown above for the relevant years. Such sinking fund redemption payments shall be made without premium or penalty, but will include accrued interest to the mandatory sinking fund redemption date.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

(Upon delivery of the Bonds in definitive form, Barnes & Thornburg, bond counsel, proposes to render the following opinion in substantially the form set forth below.)

_____, 1994

City of Fort Wayne, Indiana
Fort Wayne, Indiana

Re: City of Fort Wayne, Indiana
Sewage Works Junior Revenue Bonds of 1994,
Dated March 1, 1994 (the "Bonds")

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Fort Wayne, Indiana (the "City") of the Bonds in the aggregate principal amount of Seven Million Dollars ($7,000,000), pursuant to an ordinance adopted by the Common Council of the City on February 22, 1994 (the "Ordinance"), for the purpose of providing funds to be applied to improvements to the City's sewage works utility.

We have examined (a) a certified transcript containing the proceedings of the Common Council relating to authorization, issuance and sale of the Bonds; (b) certificates stating, among other things, compliance with the Indiana Open Door Law and showing execution, authentication and delivery of the Bonds and no litigation pending as of the date hereof; (c) the arbitrage and tax representation certificate (the "Tax Certificate") dated the date hereof; and (d) Bond No. R-1.

Based upon the foregoing and our examination of such other information, papers, documents and laws as we believe necessary or advisable, and in reliance upon the facts, covenants and representations set forth in the instruments we have examined without undertaking to verify the same by independent investigation, and assuming continuing compliance with said covenants and representations, we are of the opinion that:

1. The Bonds have been duly authorized, executed and delivered and constitute the valid and binding special revenue obligations of the City enforceable in accordance with the terms thereof which, together with any additional bonds hereafter issued and payable from such monies, will be secured by a pledge of and payable solely out of the special fund legally established and designated as the "Sewage Works Sinking Fund", subject to the rights of the holders of the City's Sewage Works Improvement Revenue Bonds of 1970, Sewage Works Improvement Revenue Bonds of 1975, Sewage Works Revenue Bonds of 1982, Sewer Connection Revenue Bonds of 1982, 1985 Sewage Works Revenue Refunding Bonds and Sewage Works Junior Refunding Revenue Bonds of 1993, to which fund there has been legally pledged a certain portion of the net revenues of the sewage works as described in the Ordinance.

2. Under existing statutes, regulations, published rulings and court decisions, and in reliance upon the Tax Certificate, the interest on the Bonds is excludable under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") from gross income of the holders thereof for federal income tax purposes. The Code imposes certain requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest thereon to be excluded from gross income. The City has covenanted to comply with such requirements. Failure to comply with such requirements could make interest on the Bonds includable in the gross income of the holders thereof. No opinion is expressed upon the consequences of owning Bonds under any other Section of the Code.

3. The initial public offering prices of the Bonds maturing in the years 2007, 2008 and 2009 are less than the respective amounts payable at maturity. The difference between the amounts payable at maturity and the initial public offering prices thereof constitutes interest that is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes.

4. Except as noted below, interest on the Bonds is exempt from income taxation in the State of Indiana. The amount of interest excluded under Section 103 of the Code from federal taxable income as defined in Section 63 of the Code (minus associated expenses disallowed in the computation of taxable income under Section 265 of the Code) of a corporation transacting the business of a financial institution in Indiana (as defined in Indiana Code Section 6-5.5-1-17) is included in computing the net income upon which the Indiana financial institutions tax (Indiana Code 6-5.5) is imposed.

5. The Bonds are not private activity bonds under Section 103(b) of the Code.

In rendering the opinions expressed in Paragraph 1 hereof, we have assumed that any corporation transacting the business of a financial institution in the State as provided in Indiana Code 6-5.5 et seq. which becomes a holder of the Bonds will comply with the reporting and filing requirements contained in Indiana Code 6-5.5 et seq. and Indiana Code 6-8.1-6 et seq.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to

judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) certain remedial and waiver provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

Very truly yours,

BARNES & THORNBURG

APPENDIX D

FORM OF BOND INSURANCE POLICY

AMBAC Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholders' rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

President

AMBAC INDEMNITY CORPORATION CORPORATE SEAL WISCONSIN

Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer

Form # S66-0003 (8/92)

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